



FINANCIAL TIMES

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D 8523 A

World News

Business Summary

Frenchman wins Nobel prize for economics

Maurice Allais became the first Frenchman to win the Nobel prize for economics...

Beirut election fails

Lebanese MPs failed to elect a new parliament...

SA activists to leave

Three black anti-apartheid activists who fled from detention to the US consulate in Johannesburg last month will leave the mission on Wednesday...

Kahane ban upheld

Israel's Supreme Court rejected an appeal by Rabbi Meir Kahane against a decision by the Elections Committee to ban his anti-Arab Kach Party from the November 1 general election on grounds of racism...

Marcos cash ruling

A Swiss judge ruled that millions of dollars sent to Geneva by deposed Philippines President Ferdinand Marcos should conditionally be put at the disposal of the Philippines Government...

South riot police clash

South riot police clashed with about 400 students demonstrating against 42,000 US troops stationed in South Korea and demanding the arrest of former President Chun Doo-hwan by alleged corruption...

GCHQ seekings

Four employees at GCHQ's secret communications listening station GCHQ are to be dismissed for defying a ban on trade union membership...

Death squad charge

The Spanish High Court ordered two police inspectors to stand trial for six attempted murders and involvement in the ANH-Terrorist Liberation Groups' death squad war on Basque separatists...

Hurricane Joan

Hurricane Joan - the first to hit the Caribbean since big brother Gilbert killed more than 150 people last month - moved toward the Nicaraguan coast from northern Colombia and Venezuela...

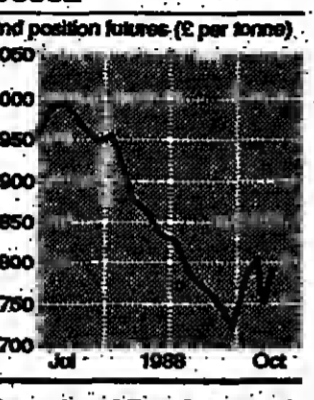
Youngest victim

Israeli troops in the occupied West Bank shot dead a five-year-old Arab child, the youngest victim yet of the 10-month-old Palestinian uprising...

Appeal Court rules on UK insider dealing law

BRITAIN'S Court of Appeal ruled that people who deal in shares on the basis of what they know is unpublished, price-sensitive information are guilty of insider dealing, no matter how the information came into their possession...

Cocoa



The projected French financial aid package for Ivory Coast would remove 400,000 tonnes of cocoa from market...

LONRHO, international trading group headed by Tiny Rowland, said it understood 4.13 per cent of its shares had been acquired by companies associated with Lend Lease Corporation...

BANK of France increased money market intervention rate by a quarter point to 7 1/4 per cent in defence of the franc, under pressure as a result of a rise in the public debt and rise of the D-Mark against the dollar...

SCOTLAND'S US merchant bank, offered to take a 30 per cent stake in the company...

ROBERT Maxwell, British publisher, won preliminary injunction preventing Kohlberg, Kravis, Roberts, management buy-out specialist, from completing its rival tender offer for Macmillan, the US publisher...

PILLSBURY, Minneapolis food and restaurant group, rejected \$3.2bn offer for its business, from Grand Metropolitan of the UK as too low, saying its present strategy would provide shareholders with better long-term returns...

SCOTTISH & Newcastle, target of a hostile \$1.6bn (£1.2bn) bid by Edsel D. Australian group, raised stakes by announcing it had taken a 50 per cent stake in Pontin's in a deal which values the holiday company at \$3.5bn (£1.5bn). Lex, Page 25

GENCORP, America's biggest commercial banking group, reported a further strong advance in the third quarter, reflecting continued progress across all the company's businesses and improved cost control...

WEST Germany's overall fixed capital formation is expected to rise by around 6 per cent this year, against earlier forecasts of 2.5 per cent. GNP growth is predicted at 3.5 per cent. Page 2

Nato case supported against Soviet military claims

THE CASE put by Nato that the Soviet Union has provided no evidence of its declared switch to a defensive military posture, is strongly backed by the London-based International Institute for Strategic Studies (IISS) in its latest major report, writes David White in London...

strength in Europe by about 750 to 80,000, with an independent tank regiment ascribed to each of the five Soviet armies in East Germany. It highlights an increase in Soviet self-propelled artillery, although it says it underestimated the figures in previous years. It also shows some 500 more Soviet fighter aircraft than before...

tegic Arms Limitation Treaty (Salt) talks of the 1970s, it shows that while Soviet ballistic missile warheads would be cut by half, reductions elsewhere would be smaller and in some classes of weapon there would be room for growth. The US would have to reduce total warheads by 39 per cent and the Soviet Union by 43 per cent to reach the limit being sought of 6,000 on each side, according to the figures...

Mexico able to draw on US loan ahead of approval from IMF

By Peter Norman, Economics Correspondent, in London

MEXICO WILL be able to draw some of the bridging loan of up to \$3.5bn offered to it by the US earlier this week without first having to reach agreement on loan programmes with the International Monetary Fund and World Bank...

Stalemate in talks on computer standards

By Louise Kehoe in San Diego

TWO WEEKS of intensive talks aimed at ending a battle over computer standards between the world's computer manufacturers have failed. Last night, a newly formed group which includes the telecommunications group American Telephone and Telegraph (AT&T) and Unisys, the second largest mainframe vendor, announced a strategy which will bring it into conflict with IBM and other major manufacturers...

Yugoslav leaders agree on reforms and resignations

By Judy Dempsey in Belgrade

YUGOSLAVIA'S leaders engaged in bitter public recriminations over the country's ethnic unrest - have agreed in principle, behind closed doors, to proceed with wide-ranging moves in the direction of a market economy. Some consensus has also emerged over which political leaders should step down in response to the wave of worker protests and Serbian nationalist demonstrations which have swept the country...

Philip Morris files legal action against Kraft's bid defence

By Anatole Kaletsky in New York

PHILIP MORRIS, America's biggest tobacco, food and drinks conglomerate, which announced a record-breaking \$1.1bn bid for Kraft on Monday night, yesterday instituted legal action against the Chicago-based cheese manufacturer, while stressing its hopes that it could still turn its unsolicited \$90-a-share tender offer into an agreed deal...

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MARKETS table with columns for Copper, Sterling, Dollar, and Stock Indices. Includes data for New York, London, and various indices.

CONTENTS table listing various articles and their page numbers, such as 'Why the Polish Prime Minister is a man in a hurry' and 'Technology and the Soviet Union'.

EUROPEAN NEWS

Japan calls for alignment of economic policy

By William Duffin in Lugano... THE INDUSTRIALISED powers should embark now on the third, more far-reaching stage of their attempt to harmonise their economic policies...

Bonn clears way for treaty with France

By David Marsh in Bonn... THE WAY forward for the ratification of a treaty between West Germany and France on greater co-operation in defence and economic affairs has been cleared following a signature in the Federal Republic...

Poll boost for Finnish coalition

FINLAND'S right-left coalition Government received a clear mandate in municipal elections on Monday, although the biggest winner was the opposition Centre Party...

East Europe's sceptics of glasnost find ways to resist Moscow

LESLIE COLITT, in Berlin, explains why the Soviet Union is so reluctant to force reforms on its allies... While using catchwords of the reformers in Moscow - openness and democratisation - he left no doubt as to his sympathies...

West Germany sees big jump in investment

By David Marsh in Bonn... WEST GERMANY is seeing a modest investment boom on top of its better than expected growth prospects for the year. Overall fixed capital formation, seen by the Economics Ministry in the early summer as rising by only 2.5 per cent...

Table with 4 columns: Companies, Housebuilding, Public sector, Total. Rows for 1980-70, 1970-80, 1980-87.

WEST GERMANY'S investment boom is being fuelled by a surge in government expenditure on infrastructure... exports, now predicted by government economists to grow by about 6 per cent in real terms this year...

Italian and US shop owners sue Benetton

By Alan Friedman in Milan... BENETTON shop owners in the US and Italy have launched civil lawsuits against the Italian clothing giant, accusing it of unfair business practices. The most serious of the allegations, strongly rejected by Benetton, have been made in the US, where a complaint, filed in a federal court in Oregon, alleges violation of the Racketeer Influenced and Corrupt Organizations (RICO) Act...

Cyprus talks set for next month at UN

By Adriana Ierodiakonou in Athens... THE CYPRUS President, Mr George Vassiliou, and Mr Rafi Denktash, the leader of the Turkish Cypriot community, will meet Mr Pares de Cuellar, the United Nations Secretary-General, in New York on November 17 and 18 to review the progress of UN-sponsored Cyprus peace talks...

Back to work for Nobel winner

By George Graham in Paris... THIS YEAR'S Nobel economics prize has been awarded to the French liberal economist, Mr Maurice Allais, for his pioneering contributions to the theory of markets and efficient utilization of resources, the Swedish Academy of Sciences announced yesterday in Stockholm. Now 77, Mr Allais has continued to write on economic questions, but his major contributions to economic theory date back to the 1940s and 1950s.

Rome faces Community pressure over steel capacity

By William Dawkins in Brussels... THE ITALIAN Government will come under pressure in next few days from other states in the European Community to make tougher capacity cuts in its state-owned steel industry than Rome has been prepared to countenance. The European Commission will today give its views on Rome's rescue plan for Finisider, the loss-making steel company, which went into voluntary liquidation in June and is now being reorganised in a new potentially profitable enterprise, known as Iva.



Allais retirement at end

W German health reforms start to bite

By David Goodhart in Bonn... WEST GERMANY, the world's largest per capita consumer of dentures, is undergoing a wave of panic buying of false teeth and spectacles. The cause is a reform of the country's generous but financially undisciplined health system, which is forcing people to contribute more for such items. The hoarding of teeth and spectacles is stimulating a slight increase in health spending this year - known as 'Bismarck's belly' after the health minister Mr Norbert Blum. But even when the reform 'bites', observers expect the savings to be minimal thanks to an assault on the original reform proposals by health interest groups.

Spanish prices rise another 1 per cent

SPANISH consumer prices rose another 1 per cent last month, the Finance Ministry announced yesterday. The news is yet another blow to the Government's fight against inflation and has added fuel to a growing row with the trade unions over wage negotiations for next year, writes Peter Bruce in Madrid. The rise brings accumulated inflation for this year to 4.9 per cent and will probably wreck any chance the Government has of containing price rises to 5 per cent for the year as a whole. That target was established only last month after a 1 per cent price rise in August forced Madrid to abandon its 3 per cent target for the year.

East Europe's sceptics of glasnost find ways to resist Moscow

LESLIE COLITT, in Berlin, explains why the Soviet Union is so reluctant to force reforms on its allies... While using catchwords of the reformers in Moscow - openness and democratisation - he left no doubt as to his sympathies. He told the central committee that while 'some socialist countries' were debating about political pluralism, Czechoslovakia already had 'socialist pluralism'. Mr Fojtik repeated the word 'socialist' for emphasis. Mr Milos Jakes, the Czechoslovak leader, is in no hurry to introduce economic reforms despite an alarming deterioration of the economy. A much-heralded 'restructuring of the economic mechanism' is not to be fully introduced until 1991. The reforms are largely designed to halt spiralling subsidies to loss-making firms by means of self-financing. But company managers will be unable to escape the commands of the party which, in fact, insists that its role in the reformed economy is to be 'strengthened'. The Czechoslovak leadership believes that there is little risk in going through the motions of economic reform without dealing with the substance. It is convinced that no reforms of any kind will succeed in the Soviet Union. Prague's scepticism is shared by the leaders of East Germany and Romania. The refusal to reform neo-Stalinism in the two most developed

WORLD TRADE NEWS

Asean issues warning on Gatt talks

By Peter Ungphakorn in Pattaya, Thailand

ECONOMICS ministers of the Association of South East Asian Nations (Asean), concerned that they may fail to achieve their aims at the Uruguay round of international trade negotiations, have agreed on a common stand for the talks' mid-term review in December.

After a two-day meeting, the ministers from Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand issued a strongly worded statement directed at the US, EC and Japan.

They said failure to achieve tangible results on tropical products and agriculture would jeopardise the credibility of the Uruguay round and lead to further deterioration in world trade in agricultural products.

They also signed an agreement to promote the production of cars using regionally manufactured components. Mitsubishi Motors of Japan is particularly interested in the programme, partly in order to

develop a new base for exporting to North America.

Yesterday Datin Paduka Rafidah Aziz, Malaysian Trade and Industry Minister, indicated that Asean would bargain with other signatories of the General Agreement on Tariffs and Trade (Gatt) in order to secure more concessions from the industrial countries on tropical goods and a firmer commitment to phase out or reduce subsidies and trade barriers in agriculture.

Adopting a conciliatory tone, she nevertheless said Asean might link these two areas to issues of intellectual property rights, surveillance mechanisms for ensuring Gatt is enforced and other matters related to the functioning of the Gatt system.

Asean is uneasy about what members see as the increasing tendency to horse trade between many issues being negotiated in the Uruguay round.

Mr Jose Concepcion, Philippines Trade and Industry Secretary, charged that concessions being offered developing countries as producers of tropical products are not of interest to Asean members.

Asean does not want the Uruguay round to develop into a North-South confrontation. But its members are concerned that Gatt should not live up to its reputation as a battleground for rich nations in which the developing countries get hurt, particularly in the agricultural subsidy war.

Thailand, Malaysia, the Philippines and Indonesia are also members of the Australian-led Cairns Group of 14 agricultural exporting nations. Asean has now formally endorsed the group's proposal for trade-distorting farm subsidies and trade barriers to be reduced in the short run and eliminated eventually.

Datin Paduka Rafidah described this as a way of compensating for the positions of the US, which wants subsidies scrapped by a specific date, and the EC, which

Recovery in shipbuilding forecast

By Kevin Brown, Transport Correspondent

SHIPBUILDING demand is likely to start rising this year after around 12 years of decline, the Association of West European Shipbuilders (Awes) says in a report today.

It forecasts world shipbuilding completions rising to 8.6m compensated gross tonnes in the year to next June, and staying at that level until 1990. This compares with 8.1m cgt in 1987/88. Completions are expected to average 12.5m cgt between 1990 and 1995, and to rise an average of 16.8m cgt from 1995 to the year 2000.

Awes warns, however, that the improved prospects depend on continued reductions in Japanese and South Korean shipbuilding capacity.

The optimistic conclusions of the report confirm similar forecasts by individual shipbuilders, many of which have incurred big losses in recent years because of fierce competition in a declining market.

The report puts world economic growth at between 2.5 and 4 per cent from now to the end of the century.

Awes says world seaborne trade in all major cargoes will increase steadily, leading to an initial demand for existing surplus tonnage, and subsequently to increased demand for new ships.

At the same time, the rate at which tonnage is scrapped is forecast to rise from 22m deadweight tonnes last year, to 27m dwt by 1995/2000. The increased rate of scrapping is largely accounted for by the ageing of the world fleet, together with the effects of technological change.

1988 Review of Global Shipbuilding Requirements to 2000, Association of West European Shipbuilders, An Der Alster 1, 2000 Hamburg 1, W Germany.

Australian groups link to seek defence electronics contracts

By Chris Sherwell in Sydney

A NEW government-backed defence electronics company has been created in Australia to bid for local contracts which are traditionally won by international groups and to compete for export orders.

Formation of the Adelaide-based company has been promoted by the South Australian state government.

It links the technology group AWA, formerly Amalgamated Wireless Australasia, with the state's Superannuation Fund Investment Trust, and will include the interests of Thorn EMI Electronics Australia and Fairley Australia.

Known as AWA SA Defence Industries, the new group will have expertise in electronics, optics and acoustics, and the technical, financial and managerial capability to be a prime contractor for major projects.

It says it will be participating in four existing defence contracts worth A\$12.5bn (US\$5bn) - for new submarines,

new frigates, the FA-18 Hornet fighters and the Black Hawk helicopter - and will bid for a further A\$1.3bn in contracts to supply electronics defence systems, including the Jindalee over-the-horizon radar.

"We have taken a once-only opportunity to draw together Australia's fragmented talent base in defence electronics and create a single substantial Australian supplier with the skills, size and financial strength to compete as a prime contractor for the larger defence contracts traditionally performed by international players," Dr Peter Crawford, AWA's managing director, said.

"The new group will compete vigorously to win a large share of exports of Australian defence-related equipment which, under new defence export principles, are projected to increase to A\$600m per year within five years," he added.

He claimed some multinationals were already vying for

collaborative arrangements with the new group.

Involvement of the Thorn EMI subsidiary springs from the parent company's decision to sell its 70 per cent interest. The Superannuation Fund Investment Trust, which holds the other 30 per cent, has pre-emptive rights over the stake and is injecting it into the consortium.

The Trust will do the same with Fairley Australia, which it bought recently to prevent it being sold elsewhere. Together with various AWA interests and Thorn EMI's Canberra-based software group CS, the consortium will have an estimated annual turnover exceeding A\$100m.

AWA will hold 65 per cent of the venture and the Trust 30 per cent. The workforce will number about 1,000.

Mr Kim Beazley, Defence Minister, welcomed formation of the consortium.

A challenge for high-tech censors

Peter Montagnon sees problems looming for those trying to stop sensitive technology reaching the Soviet Union

THE European Community's plan for a single internal market by 1992, along with economic and political reform in the Soviet Union, have begun to pose a challenge to Western officials engaged in preventing sensitive technology reaching the Soviet Union.

Trade experts agree that both developments pose fundamental questions for the future operation of the 16-nation, Paris-based Co-ordinating Committee on Multilateral Export Controls (CoCom). The US has campaigned vigorously to ensure that export controls are not relaxed, believing that they have helped maintain the West's technological advantage.

They believe CoCom hampers the development of East-West trade and its restraints are increasingly unnecessary in the new climate of détente.

So far CoCom has responded by trying both to streamline its list of sensitive industrial items and to beef up enforcement procedures in a way that would allow controls to be progressively dismantled for internal trade among CoCom members. But despite the creation of the executive committee earlier this year to oversee this process, there is agreement on both sides of the Atlantic that progress has been slower than intended.

Especially the US sanctions against Toshiba of Japan for selling to the Soviet Union technology for use in the manufacture of ultra-quiet submarine propellers have led to greater awareness of the need for better enforcement as well as cries of outrage at the political level.

Not only has Japan tightened up its own official arrangements, but other CoCom countries say they have been forced by the US into reinforcing their own internal vigilance. But the US remains worried by what it sees as laxness among some CoCom members which, for example, led to the arrest last January of four French businessmen on a charge of exporting highly sensitive electronic material to the Soviet Union.

Its continued search for a rigorous and harmonised system of controls and enforcement have put it at odds with some of its allies who would prefer each country to continue to operate a national system along individual lines.

Mr Allan Wendt, the State Department's general responsible for strategic technology trade, says the administration has not yet decided how to handle this issue, but he says the US still wants to make CoCom more effective through better enforcement and streamlining of the list of restricted products. "The US has entered into that effort with determination and good faith - and that will continue," he says.

Yet CoCom itself, which groups Nato countries minus Iceland and plus Japan, is moving only slowly to confront the issues. Though they will loom large in the background at its twice-yearly executive committee meeting in Paris next week, officials warn that the meeting is unlikely to produce much change.

Theoretically the EC's 1992 project should drive a coach and horses through the system of national controls under which CoCom operates. Because the barriers to trade within the EC will come down, it will be impossible to police sales of sensitive material within the EC. The US worries that this will create an escape route for European technology to be sold to the Soviet bloc via countries such as Greece and Portugal which are lax in enforcing export controls.

Though the US has made progress towards eliminating obsolete industrial items from the controlled list, industrialists say the effort among European governments has been less concerted. The West German Foreign Ministry acknowledged that it was "laborious". It said Bonn agreed with its CoCom partners that CoCom should be strengthened through cuts in the list of proscribed material and better enforcement procedures. There is little doubt, however, that pressure is growing in German industry for a more radical overhaul.

The chances of such a process being set in train at the forthcoming executive committee meeting are slim.

Not only does the US continue to regard its relationship with the Soviet Union as basically adversarial, it is not even ready to consider relaxing the special restrictions applied to the Soviets because of the invasion of Afghanistan. The Soviet timetable did not envisage complete withdrawal before February 1989 and it is not certain that even that will be met.

Meanwhile, the operation of export controls could become even more complicated in future as the emphasis

Seoul lifts more trade barriers

By Maggie Ford in Seoul

FOREIGN businessmen have welcomed new rules issued by the South Korean government which lift barriers on the marketing of imported products, previously restricted to local trading companies.

The move follows pressure from Washington and Brussels on South Korea to open its market to reduce trade surpluses.

Despite past easing of restrictions ranging from outright bans to high tariffs on many products, businessmen have complained that the controls on trading have in effect meant that the market remains closed.

Under the new rules, foreign subsidiaries or joint ventures in South Korea will be able to import and distribute all but 12 restricted items. These include agricultural products, fuels, books and newspapers, alcohol, works of art and agricultural chemicals.

In the past all imports of finished products have been in the hands of South Korean trading companies. Joint ventures involved in manufacturing were allowed to import machinery and some raw materials but those not involved in industry were banned from trading at all.

Businessmen expressed cau-

tion that the government could still impose underlying restrictions in areas such as customs, inspection and package regulations. Most felt, however, that the Government's move did involve a commitment to genuine free trade.

"It's a very promising trend," said one trader. "Japan and Taiwan lifted these restrictions years ago. It will have a good effect on consumer prices and help the South Koreans reduce the inflation rate through cheaper imports."

The move is also likely to introduce a wider range of higher quality foreign products to South Korea.

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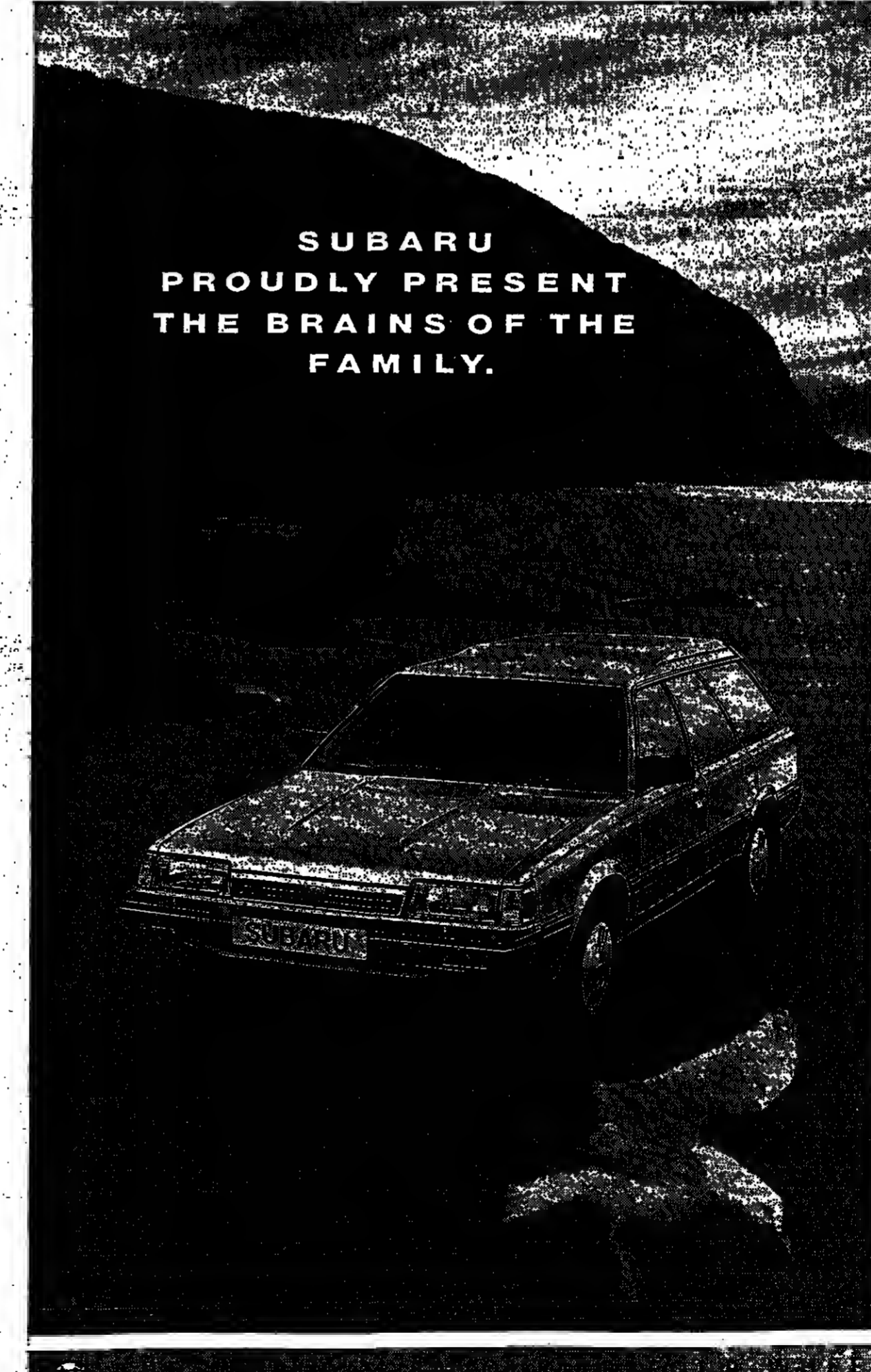
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In the first six months from sales of £682.49 million pre-tax profits have grown by 15.5% to £86.14 million. Earnings per share have grown by 20.6% to 35.16p and the dividend is up by 17.3%.

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OVERSEAS NEWS

Japanese fund manager found buried in concrete

By Stefan Wagstyl in Tokyo
MR KAZUO KENGAKU, a Japanese fund manager known for his investment skills and his connections with organised crime, was found dead yesterday buried in a lump of concrete.

The Bank of Japan said it expects M-2 plus certificates of deposit money supply to rise at a year-on-year rate of 10.1 per cent in the October/December quarter, Reuter writes from Tokyo.

speculative investment went wrong. He was snatched up by investors connected with the Osaka underworld and went to work for Nihon Land (also known as Nihon Tochi), an Osaka speculative investment group well known in Japan for its size and its links with crime.

Professionalism demanded in HK

By John Elliott in Hong Kong
A YOUNG 36-year-old Shanghai-born banker turned broker was yesterday appointed to the demanding HK\$2.5m (£187,000) a year job of chief executive of the Hong Kong Stock Exchange.

problems will also be sorted out. Mr Yuen's appointment yesterday followed elections on Monday for 16 seats on the stock exchange council, including four corporate members among whom are two international brokerages.



Mr Francis Yuen (left), new chief executive of the Hong Kong Stock Exchange, is pictured with Sir Quo-Wai Lee (right), chairman of the Hong Kong Exchange on Monday.

former chairman of the stock exchange who now faces corruption charges, for his contribution popularising the stock market. But he believes that it will not be possible for a total of eight people now facing charges, and nine others who were officially advised not to stand in Monday's elections, to wield power again.

He credits Mr Ronald Li, the former chairman of the stock exchange who now faces corruption charges, for his contribution popularising the stock market. But he believes that it will not be possible for a total of eight people now facing charges, and nine others who were officially advised not to stand in Monday's elections, to wield power again.

Philippine opposition attacks bases deal 'sell-out'

By Richard Gourlay in Manila
THE renegotiated agreement on vital United States military bases in the Philippines, concluded in Washington on Monday, leaves Manila considerably richer, relations between the two allies bruised but intact, and both sides with everything to play for in further talks on whether the US decamps in 1991.

Roh offers peace in UN address

PRESIDENT Roh Tae-woo of South Korea, calling for a "springtime for peace and reconciliation", yesterday extended an olive branch to North Korea and called for an early summit meeting in its capital without preconditions.

Australian companies shrug off crash impact

By Chris Sherwell in Sydney
A SURVEY of 314 Australian corporations has shown that, for 84 per cent of them, last October's stock market crash had a minor or no impact.

tralia, an independent organisation of business leaders and academics, and released to coincide with the first anniversary of "Black Monday", October 19. It confirms anecdotal findings that, at a microeconomic level, Australia's finance and insurance industries were hurt more than its manufacturing sector.

Lebanese MPs fail to elect Speaker

By Jim Muir in Nicosia
THE Lebanese parliament failed to elect a new Speaker yesterday, raising fears that the country may have lurched further towards partition and the disintegration of its national institutions.

Pakistan poll allies fall out

By Christina Lamb in Islamabad
A WEEK into Pakistan's first multiparty election campaign in 11 years, one of two new alliances has collapsed following a decision by the country's main conservative party, the Muslim League, to renege, having separated into two factions last month.

Koor granted breathing space

By Andrew Whitley in Jerusalem
THE Tel Aviv District Court yesterday granted Koor Industries, Israel's largest company, the right of execution against an application for its winding-up brought by Bankers Trust of the US.

\$65m. This compares with \$253m for the full year of 1987. Heavrt this week Hevrat Ha'Ovdim, the holding company of Israel's trades union federation, the Histadrut, decided against putting Koor either into voluntary liquidation or requesting the appointment of a temporary receiver.

Labour courts Israel's Arab community

Andrew Gowers reports on the party's bid for a vital vote
Israel's 750,000 Arab citizens are currently witnessing one of the less edifying spectacles of the country's general election campaign.

Israeli Elections

which has heightened identity problems among a section of the population which, despite holding citizenship rights has never been properly integrated into Israeli society.

Nigeria wheat row

Nigeria is facing mounting US pressure, including the threat of trade sanctions, to lift a ban on wheat imports, Reuter reports from Lagos. But the military Government has reaffirmed its stand with a sharp response to complaints by the US ambassador that the ban discriminated against US farm exports.

Kach banned

Israel's Supreme Court yesterday barred the anti-Arab Kach movement of US-born Rabbi Meir Kahane from running in the November 1 election, saying it was racist and undemocratic. AP reports from Jerusalem. The high court ruled on a Kach appeal against a Central Elections Commission decision banning it from the poll.

Chinese investment

Foreign investment in China in the first nine months of 1988 was \$1.56bn, an increase of 35 per cent over the same 1987 period, China Daily said, according to Reuter in Peking.

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Nigeria is facing mounting US pressure, including the threat of trade sanctions, to lift a ban on wheat imports, Reuter reports from Lagos. But the military Government has reaffirmed its stand with a sharp response to complaints by the US ambassador that the ban discriminated against US farm exports.

Kach banned

Israel's Supreme Court yesterday barred the anti-Arab Kach movement of US-born Rabbi Meir Kahane from running in the November 1 election, saying it was racist and undemocratic. AP reports from Jerusalem. The high court ruled on a Kach appeal against a Central Elections Commission decision banning it from the poll.

Chinese investment

Foreign investment in China in the first nine months of 1988 was \$1.56bn, an increase of 35 per cent over the same 1987 period, China Daily said, according to Reuter in Peking.

OVERSEAS NEWS

Burma battles with insurgency

Richard Gourlay reviews an embittered history of minority unrest

BURMESE rebels seeking greater autonomy from the central Government yesterday won a three-week battle for a forward military post near the Thai border. Rangoon Radio last night confirmed that the post had fallen to guerrillas of the Karen ethnic minority and said a regimental commander and 34 other government soldiers had been killed.

The Karen guerrillas, the strongest of the seven insurgent groups fighting for autonomy within troubled Burma, occupied two camps near Methaw, on the west bank of the Moei River separating Burma and Thailand.

The Government announced that students who recently joined the guerrillas must return home by November 15 or be regarded as rebels. Official "reception centres" have been established at 27 towns in areas bordering Bangladesh, India, China, and Thailand. The students are supposed to check into these centres before being sent home.

Officials of the various rebel groups say more than 9,000 students and other civilians have arrived at their camps since September 18 when General Saw Maung took power as Burma's fourth leader in two months and crushed the pro-democracy movements in the cities.

As well as fighting the Government, many of the insurgent groups fight each other. When Burma's leader for 26 years, U Ne Win, nominally resigned on July 23, Karen and Mon minority insurgents in the south had just started fighting over who should tax goods smuggled through the Three Pagodas Pass from Thailand.

Now, Three Pagodas town is abandoned after bloody fighting, the ground strewn with landmines, according to monks and the Thai army. But the Mon and Karen remain more interested in their ancient rivalry than in current events in Rangoon. Burma's ethnic insurgencies and the National Democratic Front, which tries to bind them together, have played no part in the main event. They remain a forgotten sideshow in a country already in the wings of the world stage.

Many diplomats and experts hold the view that if Burma is to move ahead, once a stable government emerges from the current hiatus, the minorities' demands will have to be addressed in a way that no government has succeeded in doing since independence in 1948.

"We want multi-party government - that will come from outside and internal pressure - but to get lasting peace we need to solve the ethnic question," said Dr Tu Ja, the foreign secretary of the National Democratic Front which is based in Mae Sot, a Thai town made prosperous by cross border trade.

The insurgents have been a steady drain on resources. The 175,000-strong Burmese army has been fighting serious campaigns almost non-stop for 40 years. Insurgent-backed minorities also control areas that hold some of Burma's richest bank, jade, minerals and possible oil deposits which, as a result, remain under-developed. Rangoon is also largely unable to prevent large amounts of smuggling, particularly of prized Burmese jade, across borders with China and Thailand areas which are mostly in insurgent hands.

Judging the insurgents' strengths and weaknesses is an imprecise science - which ones are nationally motivated and which, like Khun Sa's opium army, have become or always have been fronts for banditry or smuggling. Diplomats and the few experts who have travelled through Burma's hinterland believe the insurgents can muster about 25,000-30,000 fighters. The majority are north and east of Mandalay with the large, but lately ineffectual, Communist Party of Burma and the best-organised Kachin Independence Army. Smaller ethnic armies include one of the oldest groups, the Karen National Liberation Army, the Shan armies, which suffer from chronic internal bickering, the Mon, the Karenni and the Palaw.

Together, minority groups

make up about 40 per cent of Burma's population of 38m, although many of them live in the lowlands where the majority Burmans are in control, diplomats estimate. The insurgents appear to have total control of a third of Burma, which is about the size of Texas, with the better organised groups, such as the Kachin, operating permanent hospitals, schools and some small towns.

Ne Win has relentlessly pursued a policy of trying to defeat the insurgents. However, the NDF under Kachin guidance has officially relaxed demands for independence and is now calling for a Burmese federation. This is not a common position. The Communist Party of Burma is bent on forming a Marxist Leninist government in Rangoon. And the Karen still cling to the hope of an independent state. Any solution will have to recognise 40 years of pent-up resentment of Rangoon's supremacy, dating from the rocky first years of independence from Britain, diplomats say.

The country started to disintegrate, without the unifying hand of Aung San, the revered nationalist leader who was assassinated shortly after negotiating an independence from Britain that respected the minorities' interests. Two weeks after British soldiers left, the Communist Party of Burma revolted in the Pegu Yoma hills, north of Rangoon. Then a large contingent of Karen soldiers defected from the Union Army to join the Karen National Defence Organisation.

Within a year of independence the country was in a state of civil war, aggravated by a residue of Chinese Nationalists (Kuomintang) who had fled across the border from Mao Tse-Tung's army. After a lull in fighting in the mid-1950s, the insurgents picked up again with the formation of Kachin and Shan armies in the 60s and 70s respectively and heavy military backing from China during the cultural revolution for the fading Communist Party of Burma.

The insurgency problem continued throughout this decade and is one of the few aspects of Burma's internal problems which looks just the same now as it did before the wave of unrest and political crisis broke out three months ago.



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OPPOSITION PARTY CALLS FOR FREE ENTERPRISE

BURMA'S main opposition party said yesterday that it wanted an end to the country's international isolation, bringing in foreign investment and replacing the rigid socialist economy with free enterprise, AP reports from Rangoon.

In a nine-page policy statement, the National League for Democracy said it would seek closer relations with foreign countries and participate in international and regional economic organisations.

The statement said its policy would be to return nationalised enterprises to their original owners and privatise or abolish all but a few state enterprises vital to the nation.

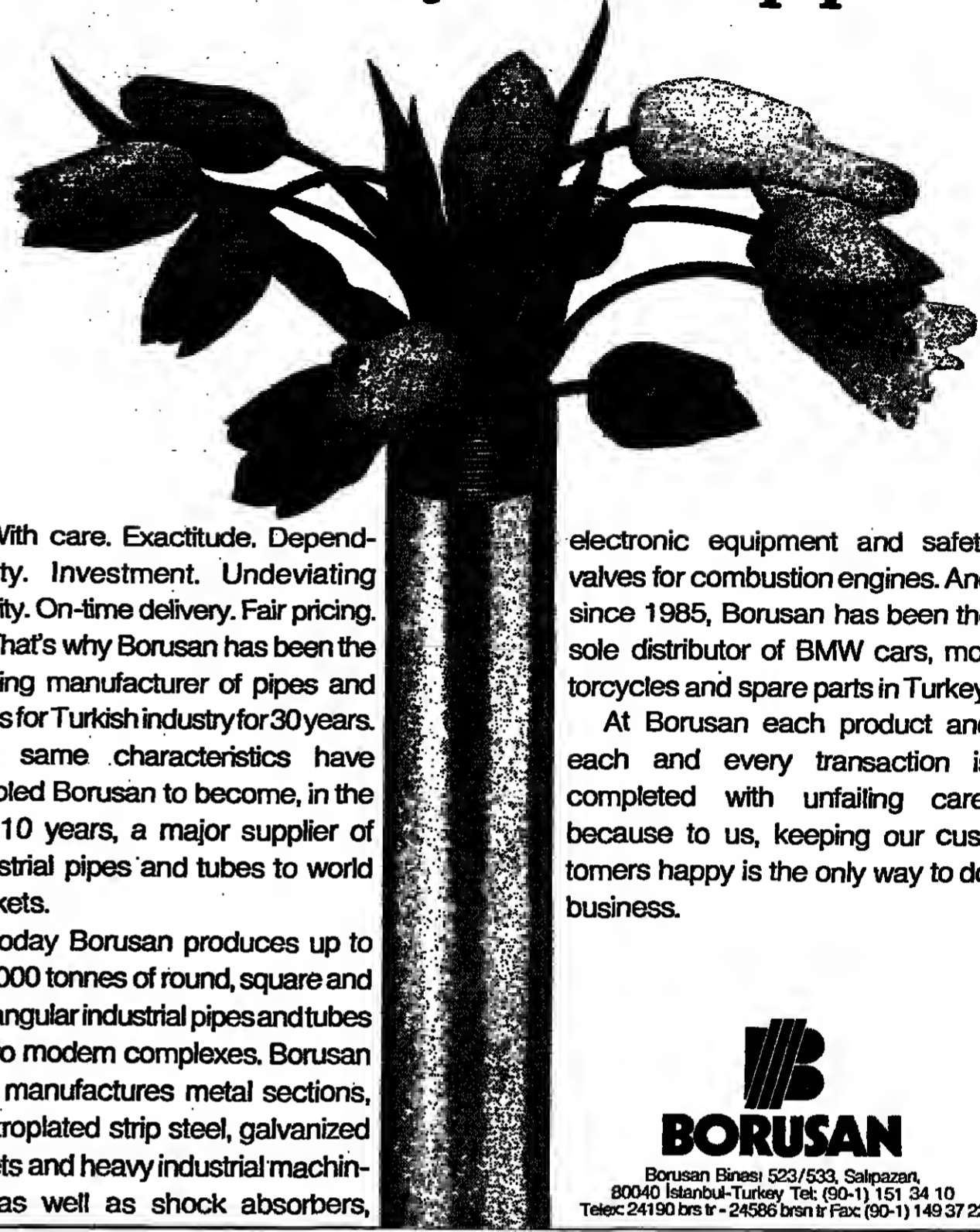
The first priority, it said, would be ending ethnic insurgencies that were "draining

the country's resources and hampering development."

Despite weeks of violent political protest, the military-backed Government reasserted control on September 15. But it allowed the formation of opposition political parties and promised general elections without setting a date for the polling. So far, 22 parties have been formally registered with the Government, including the powerful National Unity Party that has wielded power for the past 26 years under a different name.

The Government has admitted that more than 450 people were killed in a campaign to restore law and order and 1,120 people have been recruited to act as paid porters for the military.

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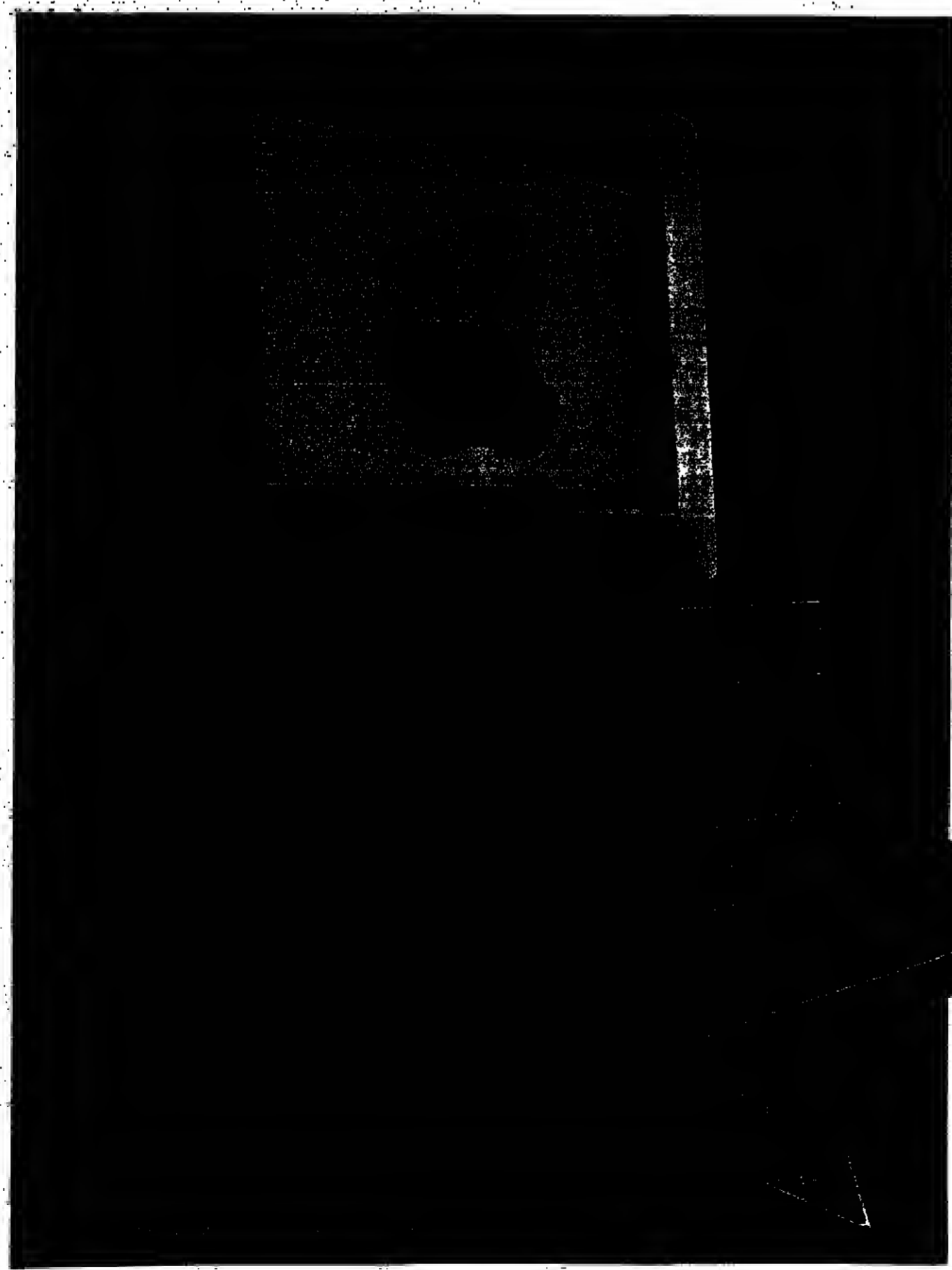
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ALLEN SHEPPARD, INTERIM REPORT OF GRAND METROPOLITAN, 11/5/88

"The programme of streamlining our portfolio of businesses was completed with the disposal of Children's World and McGuinness."

GRAND METROPOLITAN'S INTERIM REPORT, 11/5/88

"Grand Metropolitan is selling two Pepsi Cola bottling plants in the US for \$705m."

INDEPENDENT, 23/6/88

"The appointment of Ian Martin signals that we are absolutely not going to sell the business."

ALLEN SHEPPARD, ON THE APPOINTMENT OF MARTIN AS CHAIRMAN OF INTER-CONTINENTAL, 5/6/87

"Grand Met in £1.4bn sale of Inter-Continental chain"

FINANCIAL TIMES, 1/10/88

"We're probably cautious managers . . . we prefer to slog up the hill the hard way — growing brands, organic growth and so on."

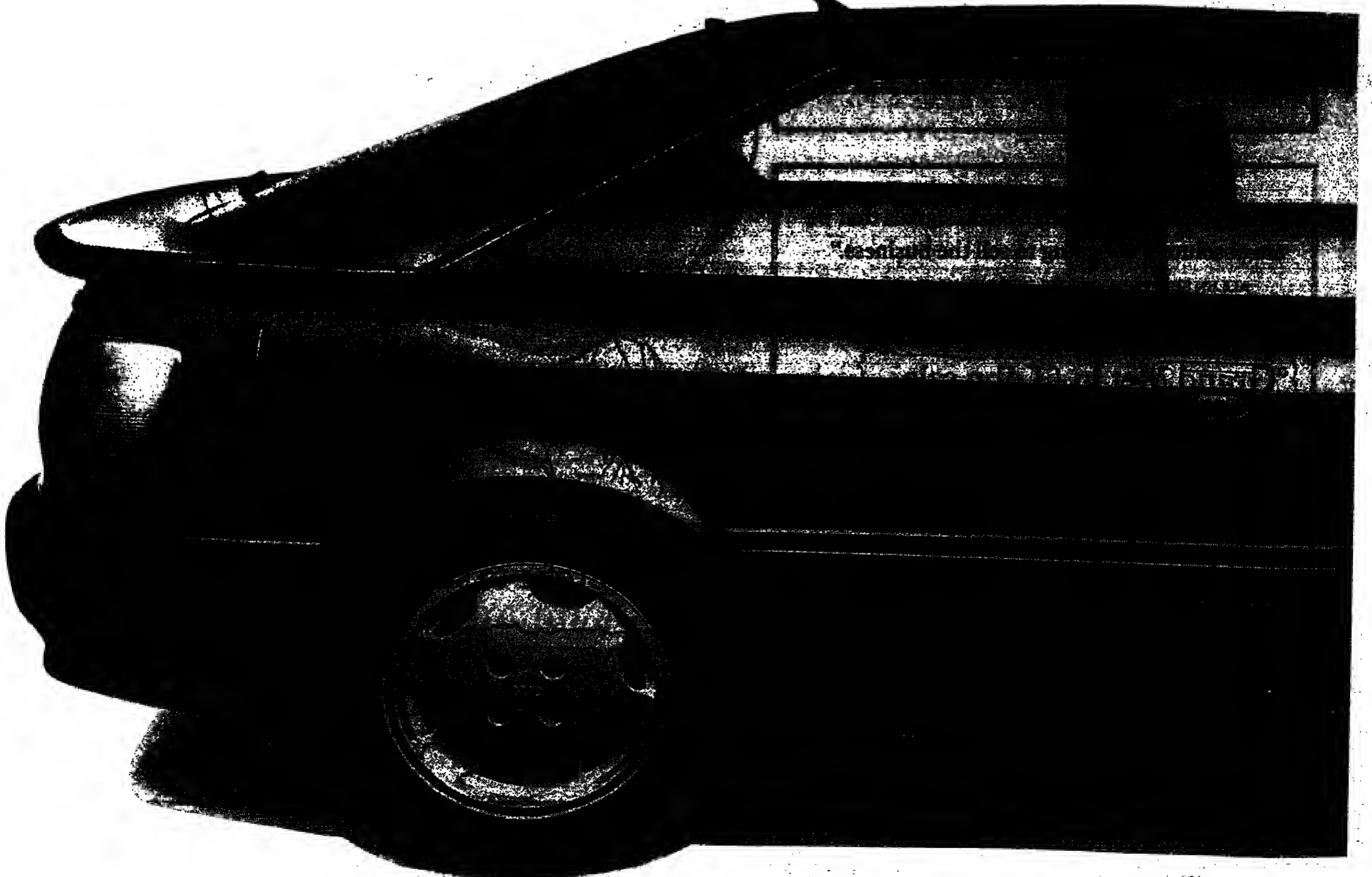
ALLEN SHEPPARD, CHAIRMAN AND GROUP CHIEF EXECUTIVE (QUOTED BY REUTERS, 25/05/88)

"GRAND METROPOLITAN OFFERS \$5.23bn FOR US FOOD BUSINESS."

INDEPENDENT, 5/10/88



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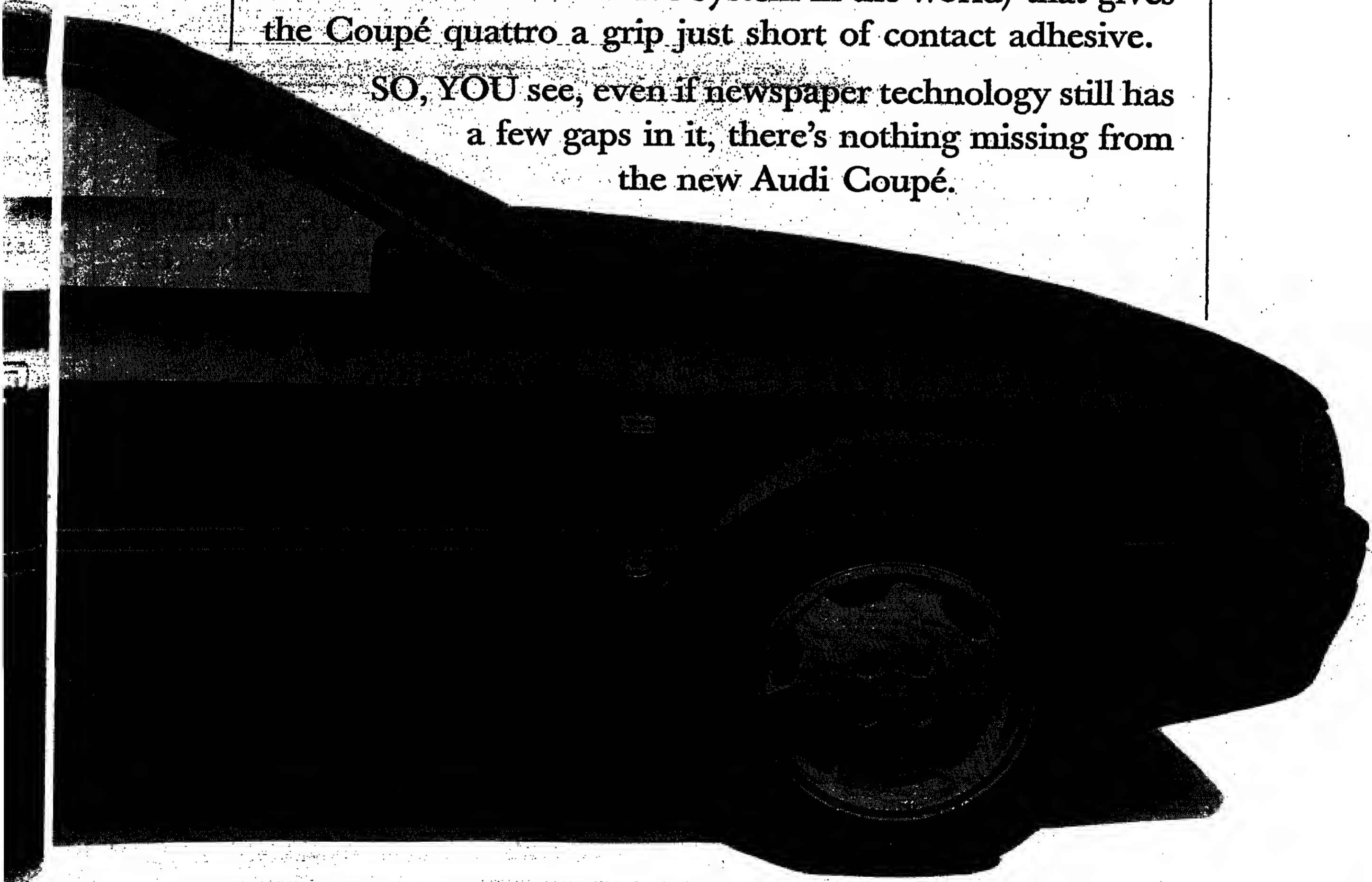
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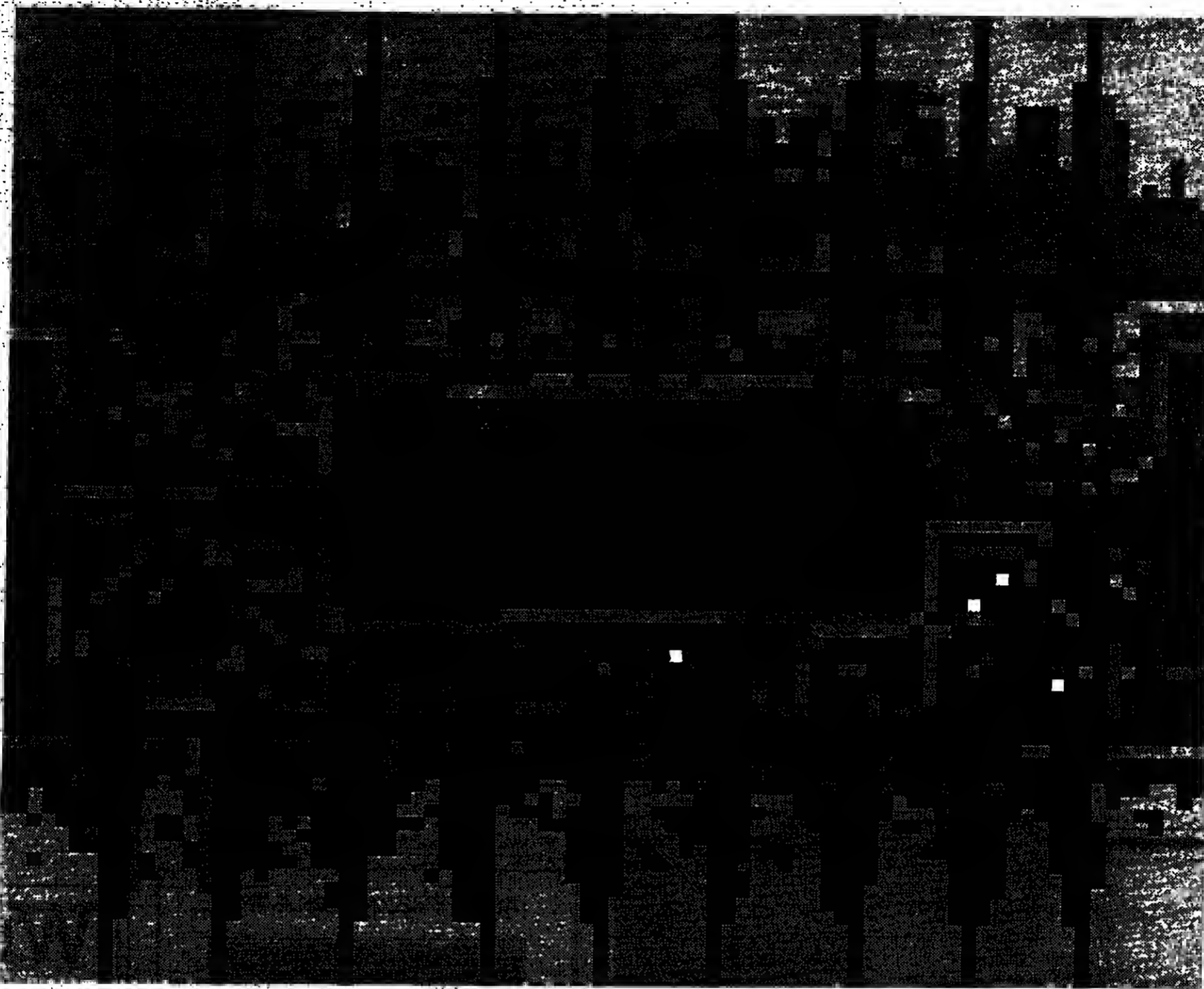


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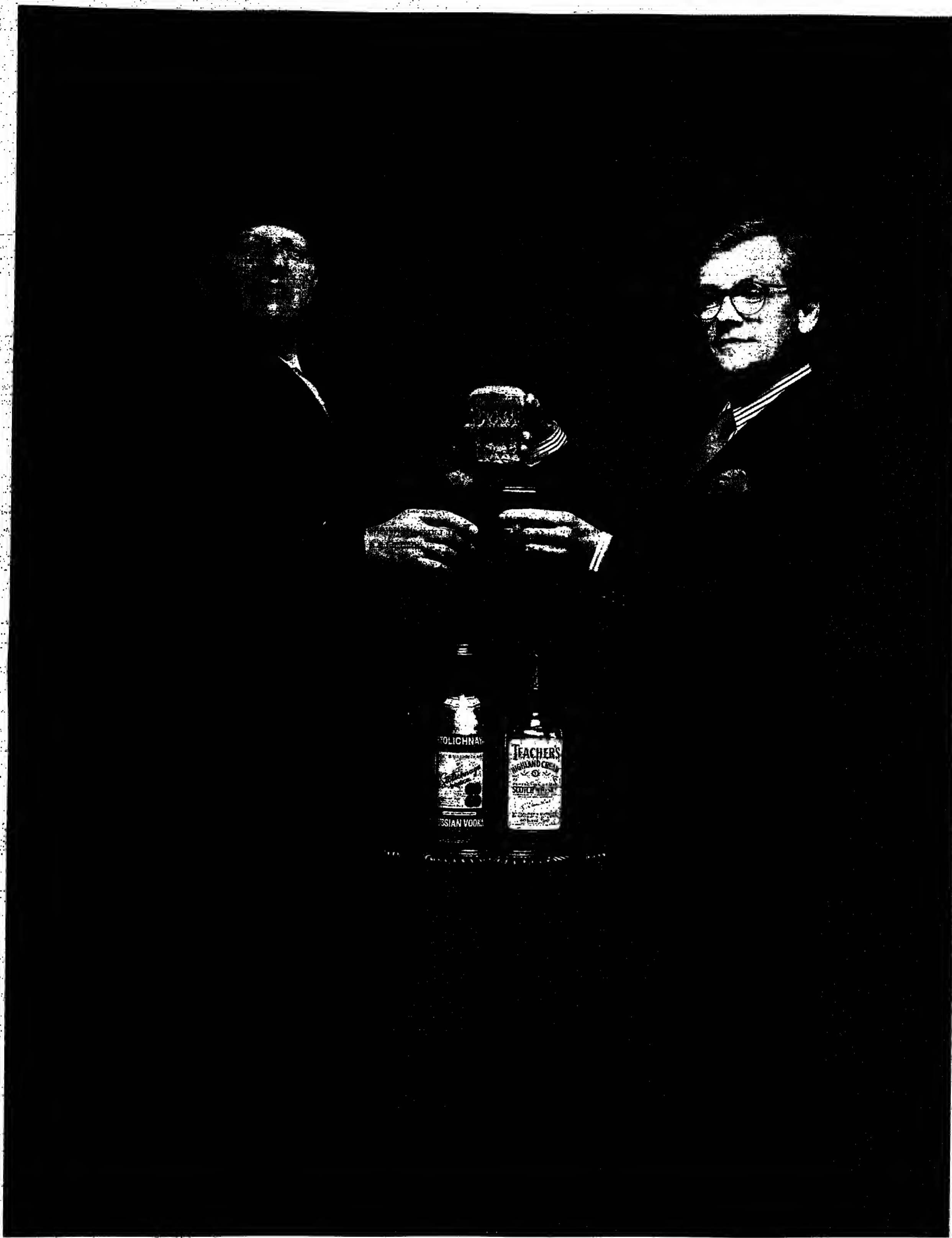
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Yup
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Yes

JOBS

Players v workers • Latest pay indicators

By Michael Dixon

Alas, regardless of their doom. The little victims play!

THOSE lines by Thomas Gray have been sent by Bill Ward of Derby in reply to a question the Jobs column asked eight weeks ago.

several top managers refer to themselves as "players" and none gave the slightest sign of thinking they were less than supremely important, at a modest estimate.

Rewards

NOW to the table alongside indicating the pay of various types of managers in Britain as shown by the latest of the Reward consultancy's twice-yearly surveys.

While the table refers to 18 types of executives, all are of similar seniority. They are the managers immediately below director, except in small companies where they may be on the board although doing the same

Table with 4 main columns: LOWER QUARTILE, MEDIAN, UPPER QUARTILE. Sub-columns for Basic salary, Total money reward, Total basic year earlier, Total year earlier. Lists various job categories like General management, Finance and accounting, etc.

* In small companies could rank as director, otherwise reporting directly to board-member.

up to date, the whole lot need to be raised by 1.9 per cent. Regional variances on the overall median basic salary of £21,614 were: Higher - London by 15.7 per cent.

Euro-marketing

HEADHUNTER Bernard Babouline seeks a business development manager for an engineering group in north England. He promises to abide by applicants' requests to be named to his client.

level of work. The first two columns of figures give the basic salary then the total pay received in cash - salary plus bonuses and the like - of the lower quartile manager.

management. The next four columns refer to the median manager half-way in the ranking. First we have the basic salaries and the total money rewards as shown by the most recent survey, followed in brackets by the median figures from the survey 12 months earlier.

and total cash rewards of the upper quartile executive a quarter of the way down from the top of the ranking. Anyone wishing to use the table to make comparisons should bear in mind that it relates to companies of all sizes in all regions of Britain, and shows pay levels as at July 1. To bring the figures

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ARTS

Politics reduced to soap opera

Lionel Barber looks at the influence of television on the US election campaign

The decisive moment in American television coverage of this year's election came just after the first presidential debate. ABC News's anchorman Peter Jennings...

6,000 journalists and 60 satellite trucks jammed into Des Moines to cover a supposedly decisive election. In the event, both Mr Bush and Mr Dukakis, the eventual election winners, came in third...

In Massachusetts schools, the more lasting impression was that the Governor was somewhat unparliamentary. In early September, Mr Dukakis tried to bounce back on to the screen by appearing near the forest fires in Yellowstone National Park...

Dan Rather tried to break out by staging a live interview with Mr Bush intended at first to open his role in the Iran-Contra scandal. The exercise backfired because Mr Rather turned aggressive and Mr Bush - pre-programmed by Mr Ailes - struck back...

Watching McLaughlin is like watching a cockfight. The journalists - all respected wordsmiths - are also good actors, playing their appointed roles of red-meat conservative and soft-boiled liberal and shouting each other down mercilessly...

American television has allowed itself to become accomplice to the crimes of all the presidential candidates: the trivialisation of political issues and avoidance of serious debate



Mrs Vershinin

Having done a reputation-restoring job on a trapped neurotic with anxiety dreams and a brother fixation. In tender flashbacks with her best friend, a vegetarian teacher (Jennifer Lander) who has had an affair with her father, Yeliena Vershinin unfolds a story of falling to catch much love or attention...

The squalid creature who keeps trying to poison herself is revealed by Julie Legrand to be a trapped neurotic with anxiety dreams and a brother fixation. In tender flashbacks with her best friend, a vegetarian teacher (Jennifer Lander) who has had an affair with her father, Yeliena Vershinin unfolds a story of falling to catch much love or attention...

Julie Legrand shakes off the dream of endless men in hats encircling her bed to retain less hope and more faith. Three years on, her parents are back once more to pack. Vershinin is off to Poland. For her, and the two girls, Moscow beckons. Mascha would be doubly furious.

Michael Coveney

Dancing and Shouting

Dance Umbrella, celebrating its tenth year as a showcase for experimentation of the best and sometimes most tiresome kind, began its five week festival on Monday night. As an opening shot across our bows, Second Stride presented Jan Spink's new theatre piece, Dancing and Shouting.

Second Stride is concerned quite as much with talk as with movement, with polemics as with dance ideas, and like Weighing the Heart, Mr Spink's earlier exercise, this latest venture is a grab-bag of allusions, subliminal references, and pious good intentions. And like Weighing the Heart, it taxes the viewer's good intentions towards the innovative ambitions of the enterprise.

Discussions research into DNA; a homosexual murderer recounts his many crimes; we hear a helicopter pilot describe an oil-rig fire; two hilarious monologues encompass a psychotic girl giving birth in a night club, and a winsome ballet-fan listing her collection of newspaper clippings. Well-worn themes of non-communication, of scientific impotence, of the fatuity of living, clutter into view.

Clement Crisp

Lohengrin

British stage directors are a rare breed in the German opera world. One or two, like David Pountney and Graham Vick, have been welcomed because their production style is not far removed from the kind of "concept opera" predominant in West German theatres. But there seems to be a jinx on more traditional, naturalistic productions like Peter Hall and John Cox, who have been unable or unwilling to adapt their production techniques to German conditions.

Russell Craig's single set placed the action in a small arena bounded by a semi-circular veranda structure, with the River Scheldt and a Gothic church spire just visible in a wintry background landscape. A portcullis and flight of stairs were added for Act 2, and a tall drape of red curtain at the start of Act 3. For Lohengrin's arrival and departure, a circular shield bearing a swan motif was lowered in a puff of smoke. There was little sense of mystery or mythology in this - or in Deldre Clancy's quaint costumes, an elaborate jumble from the Middle Ages to the Napoleonic Wars. So, the evening remained stage-bound from start to finish.

The cast included a poised and dignified King Henry from Johann Werner Fuchs, and a crisply sung Herald from Erik Wilm Schulte. The tall, sun-faced Elsa was the American soprano Sue Patchell, who grew in vocal confidence as the evening progressed - unlike the tenor Norbert Orth, a diminutive, unheroic figure who took over the title role at three days' notice and bore the bewildered, faintly comic look of a Germanic Dudley Moore.

Polish National Radio Symphony Orchestra

The Polish descent upon the Barbican on Monday was a heavy-duty affair: a very large band, two substantial works - the Sibelius Fifth and Chopin's E minor Piano Concerto - and two further pieces, where one would have sufficed. Prokofiev's "Lieutenant Kije" Suite was passable, if tame; but national pride was ill served by playing a wildly over-orchestrated version of Szymanowski's "Nocturne and Tarantella" - a gross, inept prelude to the Sibelius.

There were certainly no orchestral thrills in the Chopin concerto (in fact I can't recall hearing a bumper accompaniment to the elegant A major tune in the Rondo; it must have been under-rehearsed). None, fortunately, is needed for the solidist Kun Woo Paik, who commanded all one's attention. Welding an unwontedly big sound along with his familiar liquid delicacy, and an exquisitely refined rubato too, he dressed the piano-writing in iridescent hues. Paik has been a rewarding artist for a good many years now, but this performance rose to a new level of authority and imaginative resource.

David Murray

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ARTS GUIDE October 14-20. Theatre: London. Messiaen For Messiaen (Barbican). Pick of the RSC London repertoire, a gripping revival by Nicholas Helyar, strongly acted, with witty design references. (8.55.50), Oct. 19, 20, 21, Nov. 4, 5, 11-15. The Secret Rapture (Lyttelton). Brilliant new David Hare piece about the Nazis' secret atomic bomb, but moving romances on life. (8.28.25), Oct. 24, 25, 26, 27, 28. Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward: worth seeing (8.79.60). South Pacific (Prince of Wales). Average revival with Gemma Craven singing to win the National Emile Belmont out of her hair. (8.59.59). Follies (Shaftesbury). Eartha Kitt and Mitchell Martin decimate Mike Ockrent's strong revival of Sondheim's 1971 musical. (8.79.65). The Admirable Crichton (Haymarket). Rex Harrison in the Edward Fox in enjoyable revival of Barrie's imperishable comedy. (8.58.32), Oct. 27, 28, 29. Dry Rot (Lyric). Brian Rix returns to the stage after an absence of 12 years in a genuine classic. (8.57.56). The Sneezes (Aldwych). Eight short Chekhov pieces translated and adapted by Michael Frayn. Directed by Michael Frayn. West and Cheryl Campbell. Slightly rewarding. (8.56.64), Oct. 27, 28, 29. Sugar Babies (Savoy). Micky Rooney and Ann Miller repeat Broadway roles and exhibit stamina and star quality. (8.58.88). New York Cats (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music visually startling. (8.59.52). A Chorus Line (Sondheim). The longest running musical in the US. (8.59.60). Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's great novel of misery and justice brings to Broadway lessons in pageantry and drama. (8.59.60). Starlight Express (Garrick). Those who saw the original in London will barely recognise its US incarnation: spruced-up stage and American scenery distract from the backstage pop music and trumped-up, silly plot. (8.58.61). Me and My Girl (Marquis). Even if the plot turns on trends and the lyrics of Pygmalion, this is no classic, with forgettable songs and dated leanness in a stage full of characters. (9.47.00). M. Butterfly (Regency O'Neill). The surprise TONY winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy. (9.48.00). Speed of the Wind (Haymarket). David Hare's new play about the assassination of John F. Kennedy and the role of the American language to Hollywood, in this screamingly funny and well-phoned expose of the industry. (8.59.60). Strange News from Hell (Public). Angelina Ross performs two decades of Kurt Weill's songs in a one-woman show covering the composer's career in Berlin, Paris and New York. (8.58.74). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. (8.59.60). Washington Driving Miss Daisy (Eaton). Julie Harris stars in the Pulitzer Prize winning play about racism in the South. (8.54.90). Sleuth (Sondheim). Stacy Keach and Maxwell Gillingham star in the mystery play noted for its spectacle - a restored home rising up to form a complete skeleton and a beautiful mansion transformed into a haunted house. Excellent programme and earphone commentary in English. (8.61.81). Gorky Theatre, Leningrad. In Chekhov's Uncle Vanya, Peter Schaffer's Amadeus, The Bolshoi Drama Theatre, better known as the Gorky, was founded in 1919. In recent years its repertoire has been widened to include new, if unconvincing, works from the West. Globe Theatre. (8.72.83). Aoyama Theatre. The 35 Steps. Musical revue by the Shiki Theatre Company, which specialises in musicals and is 35 years old this year. Extracts from major Shiki productions, from West Side Story to Phantom of the Opera. (8.59.44).

SALEROOM Porcelain loses its gloss. It was always reckoned that the British Rail Pension Fund's sale at Sotheby's of its continental porcelain would give the concept of investing in art its biggest challenge, and so it proved. The Fund was hoping to raise 800,000 for its pensioners but only managed 559,800. There were some excellent returns on its purchases of the mid-1970s, when it was advised by Sotheby's, but also some glaring failures. The sale totalled \$1,172,546 in the morning session, with over 21 per cent unsold. The top price was the \$99,000 paid for a maiolica dish painted by Nicola da Urbino around 1530 and depicting the rape of Proserpina. The Fund paid \$27,500 for it in 1976, yesterday it carried a top estimate of 80,000. An exceptional Florentine drug jar of the late 15th century, purchased in 1976 for £13,750, also showed a good return, making 298,000, well above its 235,000 top estimate, while an armorial dish, painted by Francesco Antonio Avelli in 1532, has apparently risen in value since 1976 from £11,550 to 250,500. The same sum secured an unusual Gubbio lustrated Urbino plaque of around the same date, which had cost £10,000 in 1975. But against these successes in Renaissance Italian ceramics there were some embarrassing disappointments, especially among the French porcelain. A pair of Mennecy figures of a chinaman and his companion, acquired for £16,500 in 1976, were expected to make at least 240,000 yesterday. In the event they were unsold at 228,000, as was an important Augustus Rex vase and cover of around 1725 and a pair of Nymphenburg Italian comedy figures of Harlequin and LaLage of around 1780. The rarest piece in the auction, a Vezi teapot and cover made in the mid 1720s in an Italian factory from which only 200 pieces have survived, sold for 239,800. The lesson to be drawn from the Pension Fund's investment in art is that while items of the finest quality will usually perform reasonably well - the situation with its silver purchases - other sectors of the art market will be out of favour for a long time. Porcelain is a small and difficult area and although the Fund bought good pieces there are not enough rich collectors to guarantee a worthwhile return on the speculation. At Sotheby's in New York a diamond tiara, bought in the 1930s for the Duchess of Westminster, sold for 558,857; in 1959 in London it had made £110,000 but in the intervening years it has lost three of its best stones. Antony Thorncroft

Court backs UK insider deals law

By Raymond Hughes, Law Courts Correspondent, in London

BRITAIN'S Court of Appeal yesterday overturned a legal ruling which posed a major threat to the Government's attempts to curb insider dealing.

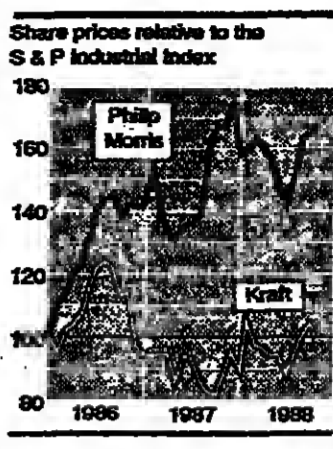
Lord Lane said that a 1977 government consultative document on the conduct of company directors showed obvious and understandable concern about the damage to public confidence insider dealing was likely to cause.

Brussels set to outline rules for reciprocity after 1992

By David Buchan in Brussels

THE European Commission is today expected to send a signal to the outside world that it will not let third countries reap "automatic and unilateral benefits" from liberalisation of the European market.

Philip Morris says cheese



Not the least astonishing aspect of Philip Morris's \$1.1bn bid for Kraft is the way the market is taking it in its stride.

Polish Premier a man in a hurry

Rakowski's reforms face tight deadline, writes Christopher Bobinski

Mr Mieczyslaw Rakowski, Poland's new Prime Minister, knows he does not have much time.



The government of Mieczyslaw Rakowski, enjoys the strong support of Wojciech Jaruzelski, the party leader.

But he also dispelled any idea that he was an out-and-out liberal, saying: "I intend to combine the mild smile with the firm grip whenever the interests of the nation, the state and the party require it."

Luxembourg may review holding company status

By Tim Dickson in Luxembourg

A SENIOR MINISTER in the Luxembourg government yesterday revealed that the possibility of tighter supervision over holding companies in the Grand Duchy is being considered.

French increase interest rates to defend franc

By Paul Betts in Paris

THE BANK of France increased its money market intervention rate yesterday by a quarter point to 7 1/4 per cent in defence of the franc, which has come under pressure as a result of strikes in the public sector and the rise of the D-Mark against the dollar.

Yugoslavia to act on economy

Continued from Page 1

remains in place. There are also fears among non-Serbs that if Mr Milosevic is thwarted he will again press for an extraordinary congress of the national Communist Party, empowered to make sweeping personnel changes.

Computer talks collapse

Continued from Page 1

Unix should become the common industry standard has become an increasing source of irritation to the computer industry's customers, who are interested only in a standard and dependable operating system on which to run their applications software.

Mecca/Pleasurama

Continued from Page 1

If Pleasurama shareholders had simply thrown away all the offensive and defensive literature put out by either side during the 11 week bid battle, it would not alter the nature of the decision which they must now take.

S & N

Continued from Page 1

The fall in Scottish & Newcastle's price to 396p - 5p below Elders' offer - has its ironies. Partly, the weakness reflects the modest poison pill element in yesterday's deal.

Lourho

Continued from Page 1

For all the sound and the fury in Lourho's shares, and the roll-call of punters from around the world purporting to be involved, there is still precious little to support the view that the company is about to be bid for.

More space for your money in Hampshire

Continued from Page 1

Why pay around £7/sq ft near London in rent and rates for prime industrial and warehouse units when you get more space for your money in South Hampshire at around £4.60/sq ft.

Table with columns for location, temperature, and weather conditions under the heading 'WORLD WEATHER'.

Computer talks collapse (Continued) - Unix should become the common industry standard has become an increasing source of irritation to the computer industry's customers...

Computer talks collapse (Continued) - The members of the Archer group say they provide about 75 per cent of the Unix systems shipped this year with the OSF members providing the rest.

Advertisement for Hampshire Development Association featuring three building types with prices: £7.15 sqft* BRACKNELL, £6.85 sqft* READING, £4.60 sqft* SOUTHAMPTON. Includes contact information and a logo.

FINANCIAL TIMES SURVEY

Planning for office automation is becoming more strategic for many companies, large and small, as today's advanced systems offer improved business processes, increased output and a better quality of management, as Della Bradshaw reports here.

New boost for productivity

THE PAPERLESS office was much-heralded in the early 1980s. But as electronic equipment manufacturers failed to deliver the goods, many businesses became sceptical of the new methods of working. Now there are very definite changes afoot, and electronic equipment and office systems are slowly but surely bringing automation to the office.

Installation is being spurred on by executives' belief that office technology can give their companies a competitive edge, and most companies now have an office automation network as a white collar support system.

As office automation planning is becoming part of large companies' strategic planning, decisions about its implementation are much more likely to be taken at board level than five or ten years ago, according to Peter Blackmore, Director of Marketing for Rank Xerox in the UK - "there are big opportunities for office automation which supports business processes. Improved business processes can improve the quality of management, and that's a very powerful argument in large organisations," he says. "Gone are the days when top managers bragged that they 'never touched a keyboard'."

As office automation plan-

ning becomes more strategic, so companies are looking for items of office equipment which will work together and can be integrated with existing systems. One result is that the stand-alone photocopier and typewriter, for years the mainstay of the office, are now being superceded. The photocopier market in the UK, for example, is only growing by two per cent a year, and most of the machines are replacements for existing models, according to the National Business Equipment Survey.

Sales of typewriters show a similar trend. Wharton Information Systems, the office equipment market survey company, says that sales of typewriters in the UK are well below predicted figures for the first six months of 1988. The market is virtually stagnant at the moment, but worse is to come. Wharton predicts the number of typewriters purchased next year will be as low as 187,000 units, down from 268,000 units this year.

By 1990 the number of typewriters sold will be down to 130,000 units. The personal computer (pc) and the workstation are taking its place.

Today there are an estimated 18m pcs on corporate desks in the US. In the UK there is one pc for every 3.5 office workers,

which in turn is slightly ahead of the rest of Europe, says Judith Wainwright, manager of office systems consultancy at Butler Cox. That figure will rise to one for every two workers in the next five years. She points to the falling price of computer hardware and pressure on businesses to compete effectively as the main reasons for the move to more automated offices.

Attitudes to buying office equipment are slowly beginning to change as a result - "the most imaginative and productive applications of office automation are coming from companies which see it as an investment rather than an expense," says Ms Wainwright.

Overall the office equipment and services market is buoyant and worldwide is worth around \$200bn. Electronic office equipment accounts for the highest proportion of that, at about \$115bn in 1987, according to the latest Clementson/No-Markets report on Worldwide Office Automation to be published this month.

By 1992, the report predicts the market for electronic office equipment will be worth \$160bn. The largest market is in the US, which is expected to be worth \$47.8bn for electronic equipment alone this year.

Business for UK office equipment manufacturers is also on the upturn. The Business Equipment and Information Technology Association (BEITA) estimates that British industry produced £12.99bn worth of office equipment last year - everything from micro-computers to chairs - up 15.3 per cent over the previous year. Exports have increased over the past year by 20.1 per cent, to £3.5m.

The two biggest growth

areas in the UK are at opposite ends of the technology spectrum. The office furniture market grew from £428m to £505m, mainly fuelled by the growing demand for systems furniture. The market for computers went up from £3.7m to £9.7m.

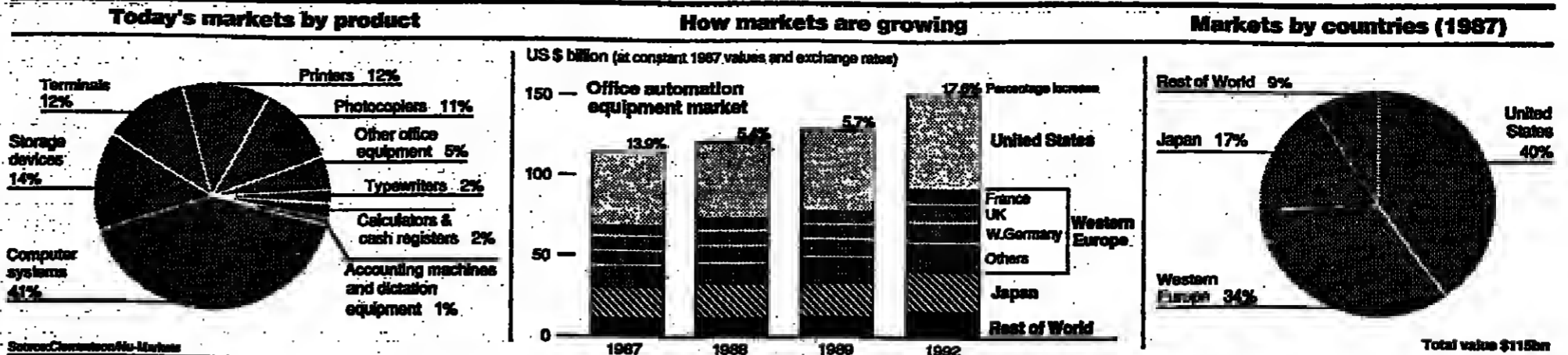
One of the biggest controversies over the past year in the office equipment market has been the anti-dumping duties imposed on several Japanese manufacturers by the European Commission. Photocopiers, electronic typewriters, dot matrix printers and serial impact printers are now all liable for imposed duties.

It is still not completely clear how those decisions will affect the price of equipment in Europe, although Wharton reports that Brother and Canon, the two leading Japanese manufacturers of electronic typewriters, are already showing curtailed growth as a result. In the photocopier market, too, Japanese manufacturers have lost their price advantage as a result of anti-dumping tariffs, according to the National Business Equipment Survey.

The cost of some items of office automation equipment are already double the price charged for similar equipment in the US market, according to Clementson/No-Markets. Its report predicts the removal of trade barriers in Europe in 1992 could mean European manufacturers come under pressure from American office equipment manufacturers as well as Japanese ones.

In the office furniture market the promise of 1992 has already persuaded the big American manufacturer, Haworth, to buy a stake in Europe through the acquisition of the Comforto seating divi-

The worldwide office automation market is set to reach \$150bn by 1992



OFFICE EQUIPMENT



■ The office automation sector is the fastest growing sector within the \$200bn worldwide market for business equipment and services. In the UK, many innovations in the sector will be featured at the International Business Show at Earls Court, London, October 24-28.

■ Above: a secretary uses the new AEG Olympia Polyfont Workstation which has a character-recognition program, developed from one used by the US postal services, for reading hand-written post codes. The system provides a fast and accurate way to automate the tedious data-entry process which is central to many office automation systems.

■ On other pages:

- Preparations for a single European market; advances by Japanese manufacturers, page 2.
- Office equipment product categories, pages 3-7.
- New facilities for the office in the home, page 8.

based on their own computer systems for communication within buildings, and using dedicated electronic mail networks run by telecommunications companies for their inter-company communications. Mr Blackmore believes other sorts of value-added services over the telephone line, will also become an integral part of office services.

One particular development that is likely to have an impact on businesses is the Integrated Services Digital Network (ISDN), which allows simultaneous voice and data transmission over the ordinary telephone network, using the telephone wires installed in most buildings. As the services are being introduced by telephone companies worldwide, ISDN could be used both nationally and internationally.

Alan Payne, Market Development Manager for office automation manufacturer Wang, believes ISDN services will give customers much more flexibility and will be crucial in integrating different types of equipment - "ISDN will act as a backbone for connecting a very large array of technologies together," he says.

By 1995 there will be over 4m ISDN subscribers in the US, France, Germany and the UK, according to a report from the market research organisation, Ovum. That will mean that 5 per cent of US telephone customers will be using ISDN services by 1994, and the same penetration will be achieved by France and Germany in 1995 and by the UK in 1996. British Telecom is launching its full ISDN service in the UK this week.

The Ovum report goes on to say that along with the provision of ISDN services there is a new generation of customer equipment emerging to take advantage of them, ranging from office telephone exchanges to boards which turn standard pcs into ISDN communications terminals. The report estimates that ISDN customer equipment is one of the biggest new markets in the electronics or office equipment market, and could be worth \$5bn in the US, UK, France and Germany by 1995.

Other developments in office equipment include the burgeoning market for desktop or corporate publishing, and the increasing use of mobile communications, such as cellular radio, which can be linked into the office telephone exchange.

But where does all this leave the paperless office? Wang's Mr Payne believes there is still a long way to go before the paperless office becomes a reality. He estimates that in spite of the accelerating introduction of automation in offices, about 90 per cent of information in companies is still kept in filing cabinets. Mr Blackmore from Rank Xerox agrees with him - "we need to recognise that the paper world is not going to go away," he says.

National Business Equipment Survey: 71, Quickswood, London, NW3 3RT; Wharton Information Systems: Regal House, London Road, Troickham, Middlesex, TW1 3QS; Clementson/No-Markets, Worldwide Office Automation: 22, Cardiff Road, Luton, Beds, LU1 1PP; BEITA: 8 Southampton Place, London WC1A 2EF; Ovum Ltd: 7 Rathbone Street, London W1P 1AF.

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OFFICE EQUIPMENT 4

COMPUTER PRINTERS

Colourful era ahead

THERE ARE two major trends in computer printers. Users are moving away from character and towards page-based printers; furthermore, there is a move from monochrome towards full colour printers.

So, while the market is currently dominated by black and white impact dot-matrix printers, we shall increasingly see the rise of both colour and page printers over the next few years.

Colour is an interesting subject: not everybody is convinced that it is advantageous. We are accustomed, after all, to black and white information in the office; colour is used only for the presentation of data summaries, not for the general distribution of the data itself.

But did we standardise on black and white simply because that was all we had?

Although the sales of colour printers are increasing, the market share of colour dot-matrix printers is declining quite substantially. But this is probably a reflection more on the suitability of dot-matrix technology to colour than on the future of colour itself.

All colour printers use the same basic colour technology: the interlacing of tiny dots in the three primary colours

of yellow, magenta and cyan. The eye combines the distinction between the dots and perceives different colours - just like a television screen. It follows that the smaller the dots and the larger their number, the greater the variety and subtlety of the colours available.

Although dot matrix printers are increasingly moving towards the use of 24 pins to create the matrix, the majority of dot matrix printers cannot produce a sufficient number of different colours at an acceptable speed.

The two most successful colour technologies are currently bubble-jet (a variant of ink-jet technology) and thermal wax transfer. This latter system can provide excellent results; but with prices starting from about £5,000 (and more usually closer to £10,000), they are expensive to buy and to operate.

Bubble-jet technology provides a result that is better than colour dot-matrix and cheaper than thermal transfer. It is a technology that Canon claims as its own, but one that is also being developed by Hewlett-Packard; it is reported that the two companies have a technology-transfer agreement.

Bubble-jet printers are inherently simpler; and both Canon and Hewlett-Packard believe that this is the way forward for colour printers. This is interesting in itself since Canon is the most successful manufacturer of the world's most successful printer technology of the late 1980s: the laser printer. And Hewlett-Packard, of course, is the most successful volume seller (with its LaserJet series) of Canon laser printers.

The latest dot matrix printer can produce a resolution of up to (and a little beyond) 360 dots per inch. This is identical to the majority of xerographic printers, although the latest generation of laser printers can produce up to 600 dots per inch.

Looking ahead, bubble-jet printers are likely to link up with the new colour scanners to provide completely integrated office equipment stations. The scanner will digitise images, the computer will be able to edit it, and the printer will produce hard copies. The combination will be used as the office scanner, the office printer, the office copier (colour, of course), and the office facsimile machine (colour again) - four stations, all in colour and with the power of PC editing, for the price of two.

Kevin Townsend

FACSIMILE is one of the most dynamic sectors of the business communications market. Sales are growing at a prodigious rate and suppliers have been queuing up to enter the market.

In Britain, before the recent postal strike, installations reached the 250,000-mark, according to figures published by the British Facsimile Consultative Committee (BFCC).

During the first six months of 1988, over 90,000 terminals were sold, and with sales being given an extra impetus by the postal strike, the forecast of 150,000 sales for 1988 is likely to be comfortably exceeded. This is a far cry from 1984, when total installations numbered only 30,000.

In the UK, the strike was a great boost for the facsimile industry, since the severe postal disruptions brought home vividly the speedy benefits of fax systems.

Simple to use and with a large user base, such systems will transmit text or graphics in seconds over telephone lines for the price of a call. Indeed, Frank Woolley, facsimile sales manager for Mitsubishi Electric, one of the recent entrants to the market, said: "I am tempted to hope that there are regular postal strikes!"

During the month of the postal strike, the company's sales doubled. Moira Pollard, marketing manager for Intercom Commu-

nication Systems, also reported a doubling of sales and that there were signs that more documents will continue to be sent by fax from now on, rather than by post.

The fax phenomenon - which has to do with communication in the purest sense of the word - is one in which, appropriately, the news media itself is actively participating. Most national and regional newspaper and broadcasting organisations, for example, have installed fax - the printing, publishing and media sectors are among the top five purchasing groups of fax in the UK - according to the National Business Equipment Survey - equal to 13% of the fax market; professional services represent 15%; manufacturing industry, 14%; and government departments, 12%.

Facsimile really began to take off with the introduction of common standards. Before these were agreed, only fax machines manufactured by the same company could communicate with each other, thus dividing the market up into several closed user-groups.

Today's machines conform to one of four standards - groups one, two, three and four. Group one and two are virtually obsolete, and the sector is currently dominated by group three machines, which account for over 85 per cent of the market.

These machines can, by and

large, transmit an A4 page in under 30 seconds, as opposed to three and six minutes, respectively, for group one and two machines.

Many suppliers now claim transmission times of anything between ten and twenty seconds, but this can be misleading. To achieve such a speed,

the machine would have to be "talking" to a terminal of the same manufacturer and transmitting on a perfect telephone line.

Because users are at the mercy of the quality of the analogue telephone line, the fourth standard, group four, has yet to make any real impact in Britain, although it is widespread in Japan.

Designed to operate over digital lines, group four machines will only start to make a dent in group three's supremacy in the UK when BT has completed its digital network in the early 1990s. Meanwhile, NEC and Canon are among manufacturers with group four machines in the UK market.

The past year has witnessed a dramatic increase in the number of suppliers. Compa-

nies such as Toshiba, Mitsubishi, Fujitsu, Ferranti, Tell, Minolta, Hitachi, Betacom, Natscom, Ricoh, Olivetti, Olympus, and Gestetner have all entered the fray. And with Philips poised to announce a range of three models in November and rumours that Alan Sugar's Amstrad is also set to launch a new product, activity in the market could become even more frenetic.

Despite the number of suppliers, the market is currently dominated by ten major companies. According to the National Business Equipment Survey (NBES), these companies accounted for over 98 per cent of the UK market in 1987. Of these ten, NEC accounted for 28 per cent of the market; Canon, 17 per cent; Hitachi, 10 per cent; and Panasonic, 10 per cent.

Methods of distribution have also changed. Five or six years ago, most sales in the UK were made directly by a manufacturer's own sales force. Now it is dealers who handle the majority of sales, claims NBES. In 1988, sales were divided roughly 55-45 between direct and indirect sales. In 1987 direct sales accounted for 62 per cent of total sales.

At one time, fax was very much a "big business purchase" - now the technology is within the reach of even the smallest company. Consequently, manufacturers had encouraged dealers to enter the market. NBES also predicts that, as prices plummet, the high street multiples will play an increasingly important role.

One of the major growth areas is in the low-cost machine. Typically priced under £1,500, these machines feature sophisticated functions, such as automatic dialling, sequential broadcasting (sending the same message automatically to several recipients) and polling (a facility whereby a terminal calls other machines to receive awaited messages).

Prices are continuing to fall. In April, British Telecom introduced the first sub £1,000 model, the CFA, priced at £999. Following hard on the heels of this announcement, Fujitsu Communications introduced the Telefax, also priced at £999. Betacom has gone one better and launched a machine for £799, excluding VAT.

Reducing costs on these machines has meant cutting some of the facilities, such as an automatic pollbook. This facility is not essential if users need to receive only one or two-page documents, but it does become a nuisance if you are sent a ten-page document and it is received as a continuous roll of paper.

There is considerable activity at both ends of the market, with many companies introducing sophisticated memory machines. These instruments can store documents in background mode, allowing the terminal to send or receive documents whilst text is in the memory. They are a boon if you want to send the same information to many different addresses: since the facility removes the need to refeed the document constantly. Memory capacity varies from 20 to 1,000 pages.

Fax memory cannot be used as permanent data storage, because once the document has been transmitted, it is automatically deleted. By the same token, when the memory is full, if the user enters another page, the first document loaded will be deleted.

What a memory fax generally cannot do is store an incoming message - unless there is a special mailbox facility provided, which allows users to access documents by keying in their own special code.

Fax networking is also becoming increasingly popular. This entails linking several machines from the same manufacturer, based around the

sophisticated memory machine. In this way, non-memory machines attached to the network can share some of the facilities of the memory machines. It also allows users to benefit from the proprietary features, such as error correction and fast modes. The network is not distance-sensitive - it could, for example, be in one office block or dotted around the country.

Facsimile, for all its sophistication, is still limited by the quality of the telephone-line transmission. If there is a lot of noise on the line, then blocks of text may become illegible. Several companies have launched error-correction machines which transmit data in "packets" of a predetermined size.

If the receiving machine receives a packet that is not of the correct length, then it realises that there is noise on the line and asks the machine to retransmit.

Most of error-correction systems are proprietary models and therefore only work with machines of the same manufacturer, and, in some cases, the same model number.

However, the CCITT (the International Consultative Committee for Telegraphs and Telephony) has established an error-correction standard that will work between machines of different manufacturers. So far, Panasonic is the only company to introduce a model with this facility. This feature will

PC-fax systems have great potential

come into its own only when two models on the market, the pioneer system, GammaLink from Comwave and the C-Fax from Communications, which is also distributed by Intercom and Multibond, and priced in the region of £1,000. These machines turn a PC into a sophisticated fax machine featuring a large memory for storing documents, auto-dialling facilities, polling and so on - dialling takes place on the computer keyboard.

Both these boards work in background mode, allowing the computer operator to continue working whilst receiving documents.

The UK market for PC-fax is at present very small, numbering around 2,000. However, according to Oliver Tucker, sales and marketing manager of Communications, "the market is shortly to be blown wide open." The group plans to launch a plug-in board for IBM machines or compatible models that will provide the computer with four facsimile transmission facilities to group three standards, for under £200.

The card is a send-only device, but a simple upgrade path provides send-and-receive capability, and additional communication facilities, which, claim the company, turns a PC into a top-of-the-range facsimile machine.

Jonathan Moggridge
The author is Editor of *Lines of Communication* magazine.

Highly competitive sector

AFTER the US and Japan, the UK is the third largest market for fax in the world. There are now around 95 different suppliers of fax equipment in Britain alone, where the installed base is expected to rise to well over 300,000 by the end of the year.

Worldwide there are around 8m fax users and few industry watchers would be surprised if this doubled by 1990. There are already at least 130 models available in this highly competitive sector - fax is a high-growth market, says the consumer magazine, "What to Buy For Business" - "most dealers operate on margins of at least 30%, and often more than that - and almost all can afford to knock large amounts off their machine prices of it's the only way of getting your business." Meanwhile, fax machines are becoming more packed with features and added capabilities.

Among the "best-buys" recommended by WTB for non-memory fax machines, (ranging in price from £280 to £1,950) are:

FS10; the well-designed Sharp FO-150; Panasonic UB-130 (Intercom Panafax UB-150); British Telecom AD70; the Intercom ImageMaster; British Telecom AD200 (Panasonic UB-250); Intercom Panafax UB-250; Infotec 61E3.

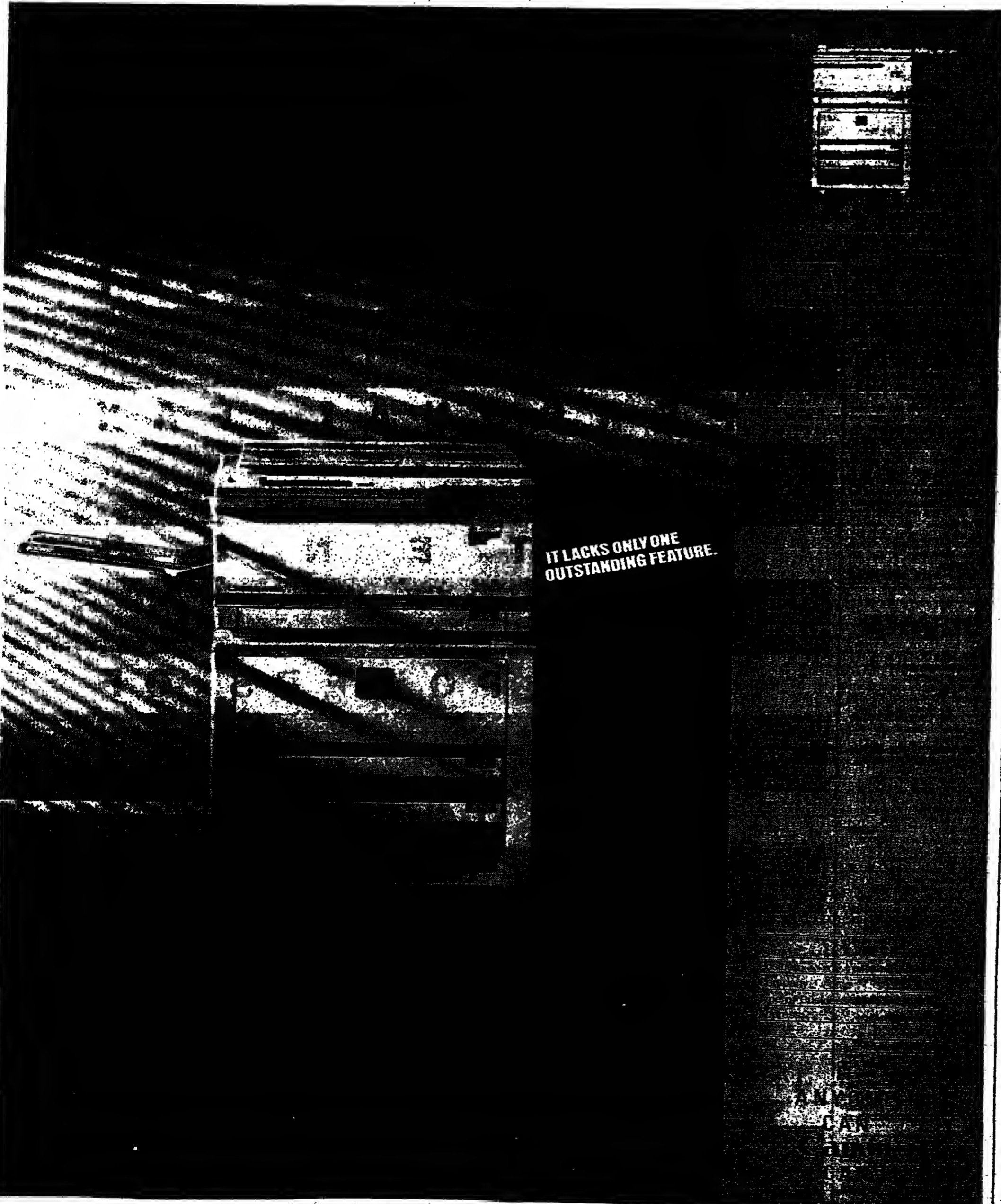
Thirty-five other machines are listed in the "good value" and "worth-a-look" categories.

Recommended "best-buys" in the WTB report (available from 11, Kings Road, London, SW3 4EP) for memory-based fax machines, which range in price from £1,875 to £3,150, include the Canon Fax 410 - "a budget memory model"; Intercom Image-Master (Natscom F750) - "a proven work-horse"; Canon Fax-720 (Olivetti LMR10) - "outstanding value"; Harris/3M, with high-speed auto-dialler and programmed transmission.

In all, 16 other memory-based machines are listed in the "good value" and "worth-a-look" categories.

*Some machines are sold under more than one brand name.

M.W.



IT LACKS ONLY ONE OUTSTANDING FEATURE.

New generation telephone equipment

Increase in competition seen as costs fall

THE UK telecommunications market has become increasingly competitive since liberalisation, with large numbers of companies jumping in to take advantage of what they saw as a potential goldmine.

The fact of the matter was that sales did not leap overnight. Users did not instantly change their systems so there were not the fortunes to be made. Nevertheless, the competition spawned a growing awareness of the advances in telecommunications - and the commercial benefits that would accrue from the effective use of modern technology as well as a range of competitive systems each with a list of features that the manufacturer hoped would enable him to obtain a competitive edge.

We are being regularly regaled with the benefits that will result from ISDN, the integrated services digital network. Even though introduction will start shortly, it will be a year or two before it will be widely available.

Nevertheless, Star services, available on BT's digital exchanges are some of the most tangible benefits of network modernisation. They enable customers with individual lines to enjoy facilities only

normally available on the most sophisticated PABX. For example, subscribers will be able to divert calls, have call-barring, have three-way conferencing, and repeat the last number dialed.

However, it should be noted that the falling cost of electronics has resulted in lower end-user prices for telephone instruments. A basic business telephone with about ten memories to store frequently used numbers will only cost around £30.

Even incorporating a hundred memories, hands-free operation and a display which shows the number being dialed and times the duration of the call is only fractionally more than £100. This means that an increasing amount of power can be placed at a user's fingertips.

Already, however, the latest PABXs employ digital technology. Benefits of this new include reliability, space and

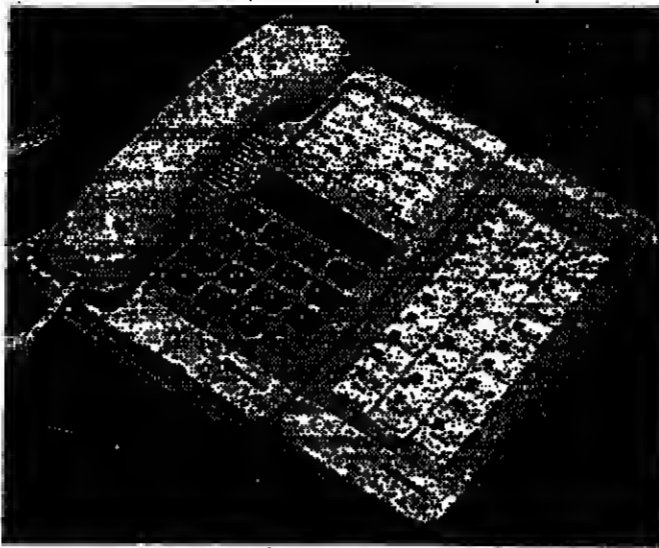
power-saving and the ability to provide a migration path to future services.

Features offered by a modern digital PABX include call forwarding, call divert and conference calls. The market leader in the UK is the ISDX system from GPT (GEC Plessey Telecommunications). It is claimed to have captured around 70 per cent of the UK market.

A private network built up using these PABXs is able to support its features across the whole network as well as providing a uniform number plan so that it is no longer necessary to look-up tie-line and site codes prior to making a call.

Networks generally consist of separate PABXs at each site with interconnecting links. Today, with 30-channel links and ISDN-compatible switches such a network will take the form of a private ISDN so enabling an organisation to take advantage of it before ISDN is available in the public network.

Mr Mike Hart, group marketing manager, telecoms, at Philips Business Systems, points out that it is important to purchasers of digital PABXs that during the installed life of a PABX, as digital services become available with ISDN, and as digital terminal prices



Among the new telecommunication products on display at the International Business Show in London next week, will be this executive telephone. Part of the Panasonic A-series, this model has a built-in direct station selection console.

fall, a simple digital-for-analogue card replacement must be possible. This will obviate the high cost of major re-engineering or system changing and ensure that the cost of migration to the benefits of ISDN is low.

Large organisations, such as the banks and insurance companies, have telephones net-

works linking their various offices. These include offices employing thousands of people down to small branches with half a dozen or so staff.

Major companies, such as Philips, which supply complete systems to these organisations are fully aware of the need for switches to interwork. For example, the Sopho-SS0 and S100 are digital PABXs designed for the smaller business. The former has a capacity from between 8 to 48 extensions while the latter supports up to 96. Not only they provide this upgrade path, they can interwork with other PABXs.

At present, even though such exchanges are digital, the majority of extensions are analogue.

As and when demand occurs, as referred to above by Mike Hart, it will be a simple task to change the line cards to enable digital instruments to be connected. This can be done on a piecemeal basis with digital terminals only being installed where needed.

Norton Telecommunications, the third largest UK supplier of key-systems and PABXs, is the UK division of the multi-million pound Siemens organisation. According to its group product manager, Mr Andrew Knott, many of the UK companies adopt a parochial approach where their only commitment is to UK standards and are not really looking to the future.

"As the European open market emerges, companies must start to communicate on a European level... what we must do is to help secure today's benefits, but keep an eye on Europe as we must also

offer UK companies a path to European communications. It's all a question of being able to deal with today's issues, but be prepared for tomorrow's opportunities."

While this is absolutely correct, it must be borne in mind that the telephone network has been developed on the basis that any telephone can connect with any other telephone in any other part of the world. Obviously, this is at the lowest common denominator level of plain voice with very few enhanced features. But even there, developments are afoot.

GPT Telecommunications Systems is about to launch a telephone system with an integral fire/burglar alarm security unit.

The first in a range of "Lifestyle" products the GPT 4 Tel Plus unit consists of a four-way telephone system from a single line with an intercom facility. It is compatible with standard phones, facsimile machines and answering machines.

It is also a self-contained security system for fire or theft. An automatic dial call a predetermined number and, when answered, its simulated voice repeats the alert message three times. The 4 Tel Plus has application in the home - and especially for the office in the home - or even

ELECTRONIC MAIL

Sorting out the confusion

ONE OF the main problems with electronic mail is that it is misunderstood - people think of paper-based mail and immediately expect e-mail, as it is called, to be an electronic version of the same thing. It isn't or at least it isn't yet and will not be for many years to come.

The difference between paper-based mail and e-mail is that one is delivered to your door, while the other has to be collected from a mailbox; one is paid for entirely by the sender, while the other costs money to receive.

Until electronic mail can be delivered directly and free of charge to the receiver, it will never be accepted by the domestic market. But its different matter in the business world, where the receiver is usually as keen to receive as the sender is to send.

A classic example is Electronic Data Interchange (EDI) - a form of electronic messaging that is growing fast. The main difference between EDI and e-mail in general is that EDI is strictly between consenting adults.

A classic example is the way in which Marks and Spencer uses ICL's Tradenet for stock orders from its suppliers. But for general e-mail, there is currently a chasm between inter-company and intra-company e-mail.

The benefits of intra-company e-mail cannot be questioned. More and more companies are installing internal networks, and these networks are being used to carry e-mail throughout the organisation. With some of the larger companies, the networks are actually international, and the effect is that user 'A' can send a message to a user 'B' without even knowing (or caring) where B actually resides.

But intra-company e-mail is in a closed and controlled environment. Individual users are not concerned with the cost of their messages. The network manager has control over the system, and can ensure that hardware and software will notify the recipient that he has mail awaiting him. Thus, when user-B switches on his terminal, even if it is only to record stock changes, he is automatically notified that mail has been delivered to his mailbox.

Alternatively, the network manager can design the system so that A's message is automatically printed at B's nearest printer, attached to the network ready for delivery by the internal messenger system.

This is a completely different world to that known to the majority of small companies with a number of individual stand-alone PCs. Here e-mail is by necessity inter-company e-mail. If another company sends a message to me via Telecom Gold or One-to-One, then I have to pay for the privilege of receiving it. I have to pay One-to-One or Telecom Gold for the privilege of having a mailbox, and I have to pay British Telecom the line charges involved in accessing and reading the mail.

It's like the early days of paper post: every time I see the mailman I want to run and hide just in case he has something for me. This situation is unlikely to change for many years. Unless the sender is able to connect directly to the receiver's PC, via the telephone, then the receiver will always be involved in costs - and this will inhibit the growth of e-mail.

The situation is not, of course, so difficult between two different large companies. Big organisations are likely to have their own networks, or at least their own PABXs, and it is increasingly possible to get from one network to another transparently. All that is necessary here is that the sender

is able to attach to the receiver by direct leased or PSTN line, that both networks are compatible, and that the receiver has application software able to read the electronic message. And this is the exception rather than the norm.

This brings us fairly and squarely into the problematic area of standards - and the good thing about standards, as we all know, is that there are plenty to choose from. Rod Matthews from ICL, is one of the UK's experts on standards - he sits on both the European SPAG (Standards Promotion and Application Group) and the COS (Corporation for Open Systems) board of directors.

"E-mail will never really take off," he believes, "until there is a sufficient infrastructure - and that won't happen until we have universal standards."

The standard to watch, he says, is X400 - "the problem is that most mail systems are vendor proprietary with vendor defined and controlled interfaces. X400 is essential to allow different products to interconnect, and this is essential if e-mail is to be at all useful on a large scale."

But he believes that Europe is caught in a tight strait - "we need a publicly-defined standard to enable all the different European machines and PSTNs to operate in harmony. But we cannot use this as a form of invisible trade barrier to protect ourselves from the Americans and Japanese."

Apart from the dubious ethics of vendor's work - "if we have public standards that don't include the Americans and Japanese, it would simply allow them to design systems that have our standards in our markets, but keep their own - as a barrier to us - in their own domestic markets."

It is for this reason that Mr Matthews would so hard to develop truly international standards. Not only does he bridge SPAG and COS, he is also working to ensure that the Japanese POSI (Promoting Conference for OSD) joins in.

"If we can get the Japanese manufacturers to agree to specified standards, then we have a political weapon to keep them to those standards."

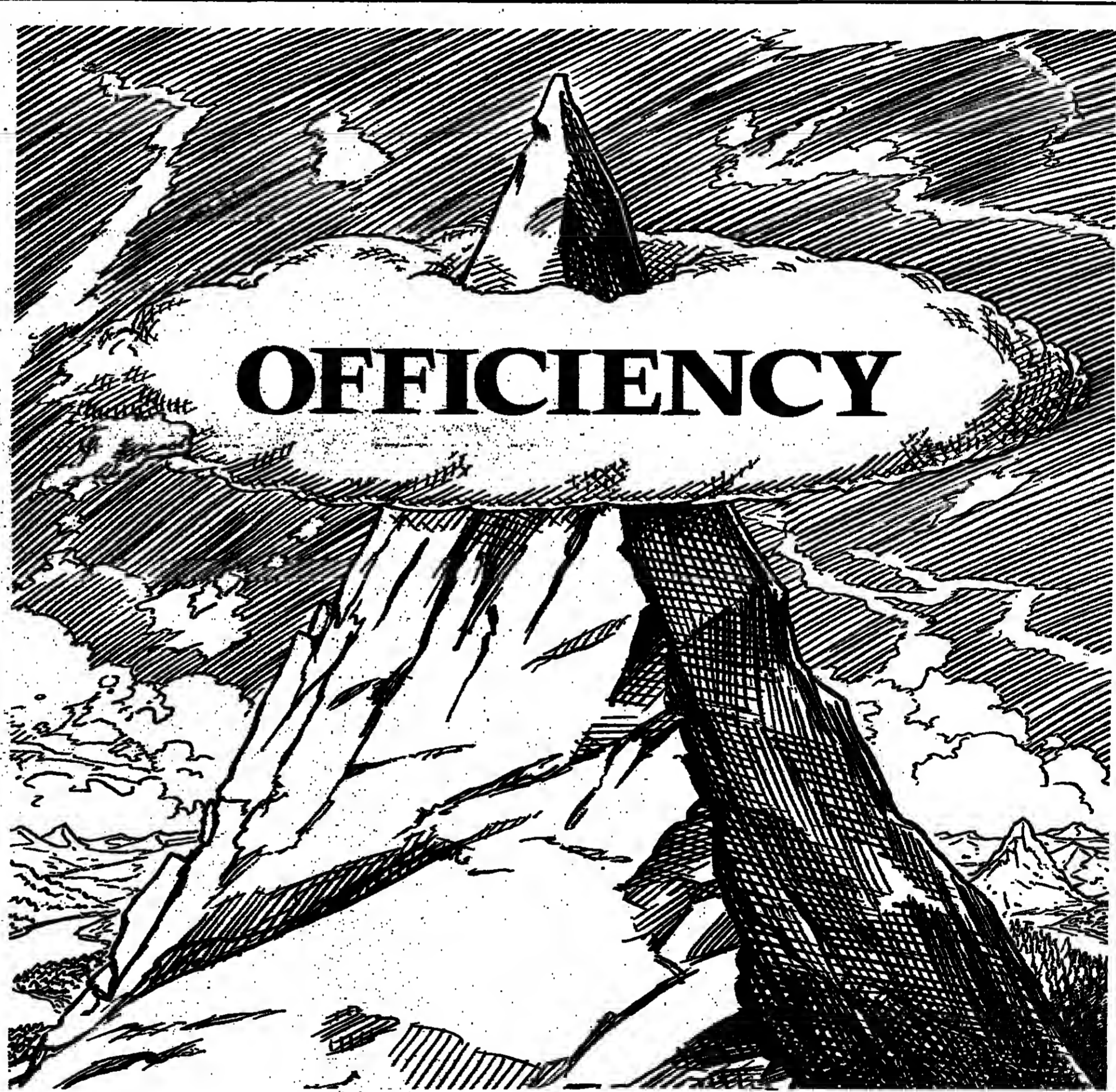
Steve Dooley, a director of the communications consultancy, Level-7, is equally convinced that the future of e-mail is tied to the future of X400 - "the 1988 recommendations," he says, "include inter-networking with physical delivery agencies, such as couriers and the postal services, and provide the ability to carry geographical addressing information with the message."

In this case, a user may be assigned to a physical delivery station where the message is printed and subsequently delivered through the postal service to the recipient.

"X400 gives fast, error-checked, multi-destination delivery on a store and forward basis. It is a truly open system which can be, and is being, built into a worldwide network and, rather than fixing the type of equipment and user interface which is provided to the end-user, it defines a set of services on which the vendors of the terminal equipment can build."

But we should not expect it to happen quickly - "It does not follow that X400 products and services will be established overnight. While it is to be expected that particularly in Europe, public services and products will be in reasonably general use by the end of the decade, we would not foresee the use throughout the world generally until well into the 1990s."

Kevin Townsend



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FINANCIAL TIMES SURVEY



This year marks the 20th anniversary of The Troubles. Yet, powerful as the images of violence

are, they belie much of the everyday reality of Northern Ireland. Even in the toughest areas, life goes on. Kieran Cooke examines the broader picture

Image, reality and paradox

AN ELDERLY woman from Northern Ireland was visiting her daughter in Dublin. "Oh, I can't wait to get back over the border to have a rest. There's so much hustle and bustle down here," she said. A French academic declines an invitation to lecture in Belfast. It seems she is worried for her safety. Image and reality constantly clash in Northern Ireland.

According to official statistics, it has the lowest level of serious crime of any area in the UK. But the murder rate, while still only half the level in the US, is about six times the UK average. "We are a peaceful, orderly community," said a senior officer in the Royal Ulster Constabulary. "It's just that people here seem to have an unfortunate propensity for killing each other."

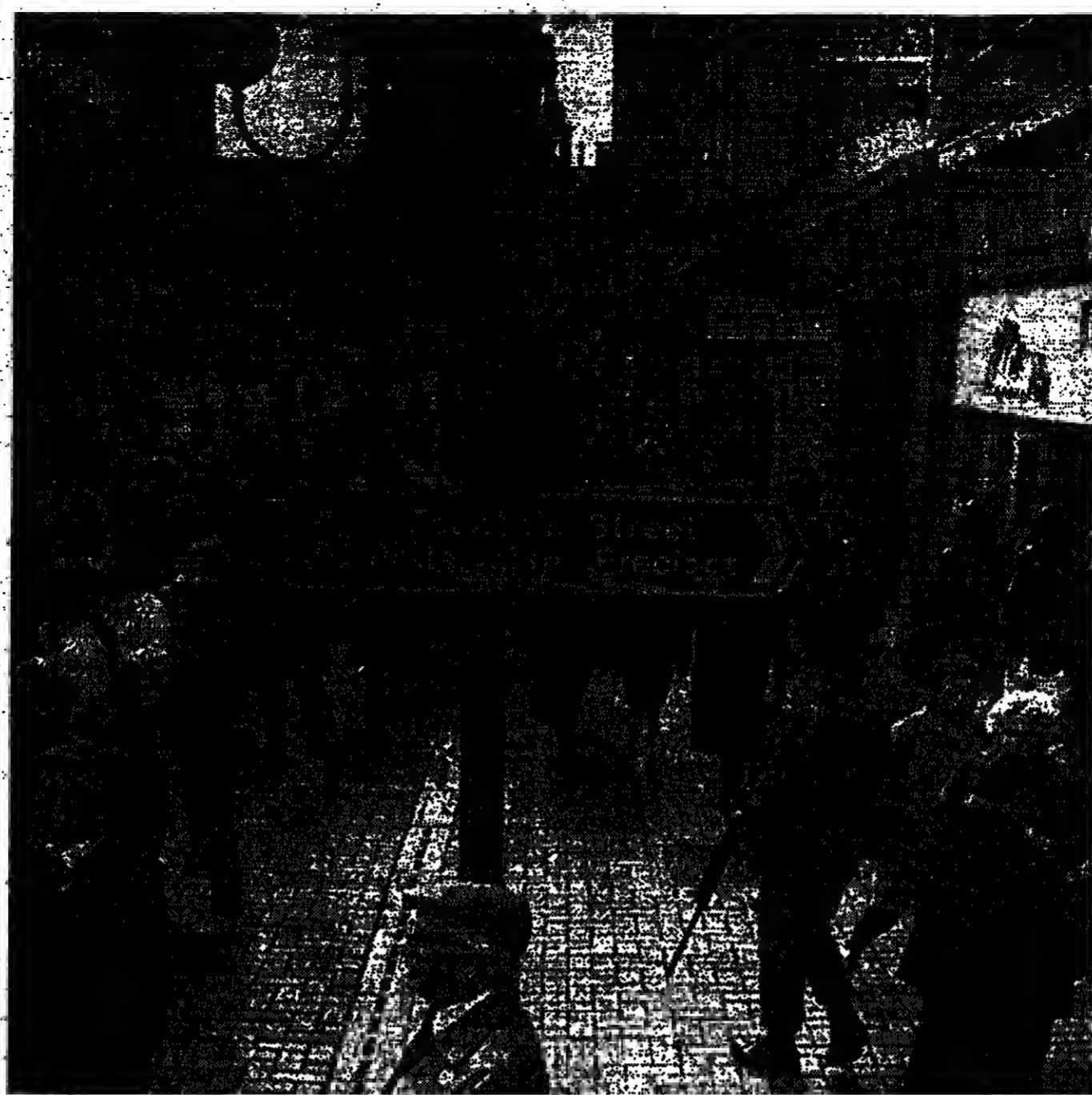
Economically, Northern Ireland is one of the most hard-hit areas in the country with a jobless rate of 16.9 per cent, nearly twice the national average. Yet many sectors of the economy are performing well. A host of firms have grown up to take on not just other UK companies, but the world. Many retail businesses have never done better trade.

Northern Ireland has one of the highest registration rates

for top of the range cars in the UK. There has been solid economic progress this year. The number of jobless has fallen by 10,000. Both Northern Ireland's Industrial Development Board (IDB) and LEU, the small business agency, have created a record number of new jobs.

Some sectors of the economy have performed strongly. Textiles and clothing, which employ 28,000 people, or more than a quarter of Northern Ireland's manufacturing workforce, have made significant advances. The linen industry, in which Northern Ireland once led the world, has been revived. Herdmans, the largest producer of linen yarn in the province, has started an IDB assisted ERM expansion which will create nearly 300 jobs near Strabane, an unemployment blackspot. The IDB says a record of more than 5,000 jobs were promoted in 1987/88; £300m was invested in IDB-supported projects.

But there is concern that Northern Ireland has not shared in the full fruits of the economic upturn evident in most parts of the mainland. Output in the province has been more or less static at a time when overall national output has been rising by more than 5 per cent per annum.



Belfast city centre: business as usual under the watchful eye of a British soldier

Northern Ireland

Northern Ireland remains very dependent on the national economic health: any sign of a downturn in southeast

England could endanger recovery in the province. While present levels of government spending in Northern Ireland are likely to continue, with public expenditure equivalent to about 70 per cent of the province's GDP, and more than 40 per of all employees in the public sector, it has been made

clear that the province will no longer be set apart from the general line of economic policy.

The privatisation of Northern Ireland Electricity, Harland and Wolff shipyards and Short Brothers, the aerospace manufacturers, have all been announced in the last few months. All three enterprises play a vital role in the economy of Northern Ireland, with H&W and Shorts together

employing more than 10 per cent of the total manufacturing workforce. The skills and expertise of these companies have been built up over many years and are respected worldwide.

Privatisation has quickly led to talk of British "economic withdrawal" from Northern Ireland. Workers say they will fight the privatisation plans. For once, politicians of all parties in Northern Ireland seem

united. They say privatisation will lead to job losses and warn of serious social unrest. Once again, there is the perception that Northern Ireland is being isolated and ignored. Once again there are fears for the future.

The Government angrily dismisses allegations of either economic or political withdrawal from Northern Ireland. It says current levels of expenditure in the province will con-

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time. Funds must, however, be more sensibly allocated and ideas of state dependency which have grown up in the province must be rejected.

It also disputes the notion that privatisation will inevitably lead to job losses. "There is no future for Northern Ireland as an economic wasteland; no future for Northern Ireland through terrorism; and no future in a political vacuum. We need action on all three fronts," Mr Tom King, the Northern Ireland Secretary of State, said recently.

Mr King is generally respected for the enthusiasm and commitment he has shown in what is a difficult and by no means popular government post. But the feeling persists among people in the province that they have no say in decisions which vitally affect their lives. There are many complaints about what is seen as a non-responsive and all-powerful civil service. Whether it's the Anglo Irish agreement or privatisation, the people of Northern Ireland have no say," says Mr Ken Maginnis, Official Unionist MP for Fermanagh and South Tyrone.

Mr King has tried to find a way towards some form of devolved government. There have been talks about talks, complicated formulae to try to break the political log-jam. The mainly Roman Catholic Social, Democratic and Labour Party (SDLP) has had a series of discussions with Sinn Féin, the IRA's political wing. On the surface at least, little seems to have been achieved. Questions of security and terrorism have always come to the fore.

This has also been the case with the Anglo Irish agreement. Despite some serious differences between London and Dublin, the agreement survives and its workings are at present under review. The Unionists continue adamantly to oppose the agreement, seeing the involvement of Dublin in the internal affairs of Northern Ireland as a barrier to any political progress.

Conversely Mr John Hume, leader of the SDLP, sees the agreement as vital for a political breakthrough. He also feels that 1992 and the Single European Market will at least dilute some of the problems of Northern Ireland. The people of Northern Ireland remain unconvinced. A recent poll showed that even amongst the nationalist population there was deep scepticism about how the agreement would improve their lives or the political situ-

ation. It has not been a good year on the security front: a loyalist extremist let fly with bombs and bullets at a Republican funeral. Two soldiers were brutally bludgeoned and killed in front of the world's TV cameras. It has been a particularly bad year for British army casualties. So far this year, the twentieth year of "The Troubles", three RUC officers, 22 regular army soldiers, 11 UDR and 46 civilians have been killed in Northern Ireland. Bad as the violence has been this year, it pales in comparison with the mid 1970s when killings and bombings were far more frequent and widespread throughout the community.

The IRA has suffered some serious setbacks, with many of its limited supply of top operatives killed. Sir John Hermon, RUC Chief Constable, has however warned that the IRA, with its new supplies of arms from Libya, is preparing what could be a terrifying end to 1988. Powerful as the images of guns and violence are, they belie much of the everyday realities of life in Northern Ireland. People in the province are often appalled by the outside world's ideas about life in Northern Ireland. People are not savages and random killers. Even in the toughest areas, the ghettos where people are isolated within their own community, surrounded by security checkpoints and cameras, life goes on. Reconciliation groups work quietly away to try to bring the communities together.

The province has a thriving cultural life. Playwrights like Brian Friel and Ian McEhinney, poets Seamus Heaney and Medbh McGuckian, artists like Diarmuid Delargy and Una Walker, are another aspect of life in Ulster.

The media is in part to blame for outside perceptions. After all, bombs and bullets make better headlines than the start up of a bath manufacturing company or new government proposals on integrated education which could lay the foundation for a more peaceful future.


But Northern Ireland is never going to be easy to understand. Dervia Murphy, an Irish travel writer, chose to begin her book on the province, A Place Apart, with an appropriate quotation: "I have yet to see any problem, however complicated, which when you looked at it the right way did not become still more complicated."



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NORTHERN IRELAND 2

Privatisation plans for industry meet opposition

Economic withdrawal denied

ON JULY 28 this year the House of Commons was treated to a rare sight...



Mr Tom King



Mr Peter Viggers: 'no more feather-bedding'

sue a policy of feather-bedding" says Mr Viggers. He and other Government officials point out that levels of government spending in Northern Ireland, with Treasury subsidies currently running at about 50 per cent of the province's GDP, are set to continue.

11,000. The next biggest manufacturing employer in the province is the US Dupont company, which has 1,500 workers at its factory in Londonderry. Both Harlands and Shorts have been making losses for several years and have been heavily subsidised by central Government.

whole issue. There has been conflict between Harlands and the Government over Mr Ravi Tikoo, the Indian entrepreneur who wants to build the world's most luxurious liner, the \$265m "The Ultimate Dream", in Belfast.

enterprises planned for privatisation have 100 per cent union membership. "Privatisation will only lead to asset stripping, loss of jobs and, ultimately, more instability in Northern Ireland," says Mr McCartney.

Mr Peter Robinson is deputy leader of the Democratic Unionist Party, which represents many of the Protestant working class community in East Belfast, home of both H&W and Shorts. He says privatisation might make sense in the south-east of England but not in Northern Ireland.

Not only the Government, but others resident in Northern Ireland object to such ideas. Two local economists point out that funds of about \$25m annually will continue to be made available in the province. What is needed is a reallocation of resources into other areas of the economy and not an over-concentration on just two or three concerns.



The FJX: a twin-jet engined 40-seater aircraft for the 1990s.

SHORT BROTHERS

Vital to the economy

SHORT BROTHERS, the Belfast based aerospace company, is the largest employer in Northern Ireland. It has a workforce of 7,800 - in relation to the population, the equivalent of an enterprise with 260,000 workers in England.

Government seem to have since agreed that all the emphasis should be placed on selling Shorts as a single entity and not splitting it up. Mr Viggers says he has made it "abundantly clear" that this is the preferred course.

Shorts has a proud history and claims to be the oldest established aircraft manufacturing concern in the world. During the Second World War the company employed 14,000 building the Bristol and Stirling bombers and the Sunderland flying boat.

In July this year the Government announced plans to privatise Shorts. The announcement has been expected for some time in the context of the Government's overall privatisation strategy. What did cause consternation, not only among the workers but also among company management, was the manner and method the Government adopted in making its announcement.

The company is at present preparing a "Sale Memorandum" containing a fully validated and up-to-date set of information about the company to show to potential buyers. Shorts has a good reputation in the industry and order books in two of its four divisions are full well into the future.

It is a major sub-contractor for Boeing, Fokker and other aircraft manufacturers. Its Javelin and Starstreak missiles are bought by armed forces throughout the world. It has developed the Tucano trainer and the widely used Shorts 360 turbo prop aircraft.

Mr Peter Viggers, Northern Ireland's Industry Minister, told the House of Commons that the Government was ready to consider suitable proposals leading to the acquisition of Shorts.

Debts have mounted steadily ever since and more than 80 per cent of total losses are now accounted for by interest payments. Mr Viggers says the debt question will be central in the run-up to privatisation but will not say whether the Government would be willing to restructure the company financially.

Shorts workers are concerned about the future. Many feel that sooner or later the company will be split up and jobs will inevitably be lost. Last month they announced an anti-privatisation campaign to stop "this prestigious company being torn apart by international speculation or ideological dogma".

commercial (kə'mɜ:ʃəl) adj. 1. of or connected with commerce or trade. 2. made or done primarily for profit.

property (prə'pɜ:tɪ) n., pl. -ties [ɪ L. proprius, one's own] that which is owned; estate whether in lands, goods, or money.

expertise (ek'spɜ:tɪz) n. [Fr.] the skill, knowledge, judgment, etc. of an expert.

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Fair employment procedures will be backed by law

Search for end to discrimination

NEXT YEAR it will become a criminal offence for many Northern Ireland companies to fail to monitor the religious composition of their workforces. All public sector employers, and those in the private sector with 25 or more employees - later to be 10 - will be required to monitor religious composition and to make annual returns to a new Fair Employment Commission.

Monitoring of religious composition by companies will enable both employers and the new Commission to assess the actual outcome of current employment practices and serve as a starting point for possible change. A key feature of the proposed legislation is a Code of Practice which will guide employers on how their structures can be improved.

The new Tribunal will adjudicate on individual cases of alleged discrimination and the Commission will have the power to assist individuals financially to pursue their cases. Cases of religious discrimination will in future be handled in a similar way to cases of sex discrimination.

peripheral catchment areas and removing obstacles preventing a wide range of applicants coming forward. The proposed legislation also endorses the merit principle as being central to the Government's fair employment policy and any form of quotas or reverse discrimination will remain illegal.

Irish Anti-Discrimination Association believes the Government's determination to reduce religious imbalances will lead to quotas. The present Fair Employment Agency has broadly welcomed the general thrust of the legislation but says if real change is to be made the Government must keep equality of opportunity at the forefront of all its policy decisions, at all levels.

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NORTHERN IRELAND 3

The development of the economy is lagging behind that of the mainland

Economic gloom is not entirely unrelieved

THE BUSTLE of Belfast City Centre, the shiny new cars on the roads, the crowded unemployment offices of Strabane, Londonderry or Newry; the economy of Northern Ireland, like most other aspects of life in the province, throws out contrasting images.

First the good news. Unemployment is down; there are signs of a significant upturn in investment; business confidence is growing. Some industries, particularly textiles, agriculture and construction, have performed well over the last 12 months. A mini consumer boom continues.

There have been those who have considered the province's economy to be in a state of terminal decline. Yet that is plainly not the case," said Mr Peter Viggers, Northern Ireland's Minister for Industry recently.

The bad news is that Northern Ireland's unemployment rate - 16.9 per cent in August - continues to be the highest in the UK and is twice the national average. The Northern Ireland economy has lagged well behind development on the mainland and has yet to capitalise on the national economic upturn. Though there have been signs of recent growth, industrial output has remained generally

static over the past year despite an overall UK growth of about 6 per cent.

The Northern Ireland economy has a number of characteristics which influence performance. Northern Ireland has a population of only 1.5m and the manufacturing workforce over recent years has shrunk to 100,000. Exporting is essential to survival. But geographically Northern Ireland is cut off, while communications have improved considerably, the province's isolation does mean higher freight costs.

The seamen's strike earlier this year did as yet unquantifiable damage to the economy. A factory producing chickens for one of the major stores on the mainland could not export its goods. The chickens grew too fat, the order was cancelled. A local entrepreneur watched his mushroom crop rot. Often the small stretch of water between the mainland and Northern Ireland seems to have an adverse psychological impact on business relationships.

Public expenditure per capita in Northern Ireland is about 40 per cent above the national average. More than 40 per cent of all employees are in the public sector. Public expenditure is equivalent to about 70 per cent of GDP, well above national figures but propor-

tionately on the decline in recent years. (An interesting factor is a dramatic revision, at present underway, of official GDP statistics for Northern Ireland. New statistics suggest that since 1983, the GDP of the province has been underestimated by more than 3 per cent per year - computer error has been blamed. With such a large dependence on public expenditure, government cutbacks have obviously had a negative impact on the Northern Ireland economy.)

One of the main thrusts of recent Government policy has been to cut back on the reliance of Northern Ireland's economy on external finance. It has instituted a "Pathfinder scheme" to identify and tackle some of the main constraints on economic development in the province. Fewer grants and more diversification have been emphasised. The growth of small businesses has been encouraged through bodies such as LEDU the small business agency which has promoted nearly 20,000 jobs in the past five years. There have been 18 local enterprise centres set up for small businesses.

Achievements in the employment sector have been impressive with numbers out of work dropping from 130,000 two years ago to 117,000 in August

1988. Bucking the national trend, employment in the manufacturing sector has actually grown slightly over the last 12 months. However, there is still a considerable gap between the unemployment decline and levels of new jobs. This is in part explained by emigration from the province estimated to be running at about 7,000 per annum (mostly graduates and skilled workers) and statistical quirks due to the impact of the many government-sponsored job training schemes in operation in the province.

Northern Ireland has a younger population than the rest of the UK and a workforce that is growing at more than five times the national average. While some view this as a problem, Northern Ireland ministers say that with shortages of young workers now increasingly common on the mainland, Northern Ireland, with its well-educated and skilled numbers of young people, will in future have distinct advantages.

The Industrial Development Bank, the highly energetic and resourceful Government body responsible for attracting investment in Northern Ireland, says that in 1987/88 it promoted 5,800 new jobs and a total of £300m was invested in projects, supported by the

Board. The IDB says that nearly half the new jobs resulted from expansion by companies with headquarters outside the province. Mr Tony Hopkins, the IDB's chief executive since August, says that cost competitiveness and reliability are Northern Ireland's biggest selling points.

"We don't lead with our financial incentives package. Rather we emphasise the work ethic of Ulster people, high educational standards, our performance, productivity and industrial heritage," says Mr Hopkins. Again, there are difficulties about perceptions of Northern Ireland. "We find more difficulty getting our message across in south-east England than in South Korea. As long as people have open minds and come here to see the situation for themselves we are all right," says Mr Hopkins.

The IDB has put a great deal of resources into the development of the textile industry in Northern Ireland in recent years. Textiles and clothing now employ more than a quarter of the total manufacturing workforce in the province. Over the last three years £38m of IDB money has been put into the sector. Output has climbed considerably. Old industries, particularly linen, have been revived. There are

now encouraging signs of the development of more downstream cost-added enterprises.

Agriculture, which employs about 10 per cent of the working population in Northern Ireland, has been going through one of its more buoyant phases, with good weather leading to higher crop yields and a rise in incomes. EC quota restrictions on milk and beef output are, however, likely to result in a bleaker period on the lands of Northern Ireland. The construction industry has been helped by the big growth in the retail trade.

Consumer expenditure has continued to be buoyant, with average weekly expenditure per household ahead of many areas in the rest of the UK, despite generally lower income levels.

House prices, while generally below many areas on the mainland, have risen substantially, particularly at the top end of the market. Registrations of many of the more luxurious cars are among the highest in the UK. There are certainly some areas of gloom in Northern Ireland's economy, but it is by no means a uniform picture.

Kieran Cooke

FINANCIAL SERVICES

Proposals for overhaul

NORTHERN IRELAND'S financial services sector, which employs around 30,000 people, is assessing the implications of one of the most comprehensive reviews of the local industry ever undertaken.

A special banking task force, established under the Government's "Pathfinder" programme which is aimed at building a stronger economy, has produced radical proposals for future development. The recommendations, encompassed in a document entitled "Banking and the Wider Economy" and published jointly by the Department of Economic Development and the Northern Ireland Bankers' Association, will, if implemented, result in a complete overhaul of the local financial services sector.

Many of the action points complement the Government's overall strategy of reducing the Ulster economy's reliance on public funding and, in the long term, encouraging a strong, independent market for business advice and financial services delivered by private sector agencies.

It all adds up to an exciting period in the development of a sector not prone to rapid change.

Lunchtime opening, introduced in Belfast last year by the province's four main clearing banks, Northern Bank, Allied Irish Bank, Bank of Ireland and Ulster Bank, has proved successful and is being extended to provincial towns. A "change agreement" concluded recently between the NIBA and the staff union, the Irish Bank Officials Association, will allow for greater flexibility in the provision of customer services. The main effect will be to increase part-time staffing levels, a move resisted by the union for years. The threat posed by the ability of building societies to offer an ever-increasing range of accounts and services has made modification of traditional banking practices inevitable.

The trend towards separating corporate and retail banking functions is proving of immense value to the business community. The result has been an improvement in business customers' financial planning methods and a decline in the number of failures.

Mr Sam Torrens, chairman of the NIBA and chief executive of the province's biggest

Continued on Page 4

NORBROOK

Animal drugs manufacturer

NORBROOK Laboratories' proud boast is that its products are used on goats in the Alps and elephants in Burma. The company, based at Newry near the border with the Irish Republic, now exports to more than 70 countries and last year had a turnover of £12m. This year sales have increased significantly and an £8m expansion programme is underway.

Norbroke manufactures a range of drugs for the world's animals. Founded 20 years ago, despite the political upheavals and violence of recent times in Northern Ireland, good ideas and enthusiasm can win through.

Norbroke is now the biggest employer in an area which is one of Northern Ireland's jobless blackspots, with an unemployment rate of more than 27 per cent. The company employs a total of 260 people, and when the present expansion programme is complete another 226 jobs will be created.

Norbroke was founded in the late 1960s by Mr Eddie Haughey, an entrepreneur born over the border in the Irish Republic. New UK government regulations had been brought in tightening up on the manufacture and dispensing of veterinary antibiotics. Mr Haughey started manufacture and dispensing of veterinary drugs in line with the stringent new laws.

Norbroke, employing a small group of chemists and vets, also embarked on a research and development programme. The first breakthrough came in 1974 with the formulation of a painless injectable antibiotic, oxytetracycline.

Another step forward was the patenting of a long-acting antibiotic which enabled farmers to cut down on the number of times they had to inject their animals - a considerable time-saver, especially for those with big herds.

The bulk of Norbroke's work is now manufacturing for the big chemical companies, who then retail Norbroke-manufactured products under their own brand names.

Though it is estimated that the global market for veterinary drugs is £2.5bn, most of the chemical giants concentrate on the much bigger market for human drugs. Norbroke sells to 15 of the world's top 20 chemical companies.

Over the last five years it has also begun to market its own products: the company has a 15-strong sales force based in London and has increased global sales of its own products substantially, particularly in the last two

years. Response in East Africa has been good with sales of more than £1m in Kenya.

Mr Michael Townsley is Norbroke's commercial director. "We want to be a very large company and have big ambitions. We are also a very young company - the average age of our employees is not much more than 30."

Mr Townsley admits that some customers are unsure about doing business with a Northern Ireland company. "Image is a problem. We have to try more than others. But once people come here, see what it's really like and see the quality of our workforce, the problems disappear. We regard ourselves as diplomats for Northern Ireland," says Mr Townsley. Norbroke says it has never had any strikes and if there is any antagonism between workers from the different communities, it is not allowed to intrude onto the factory floor.

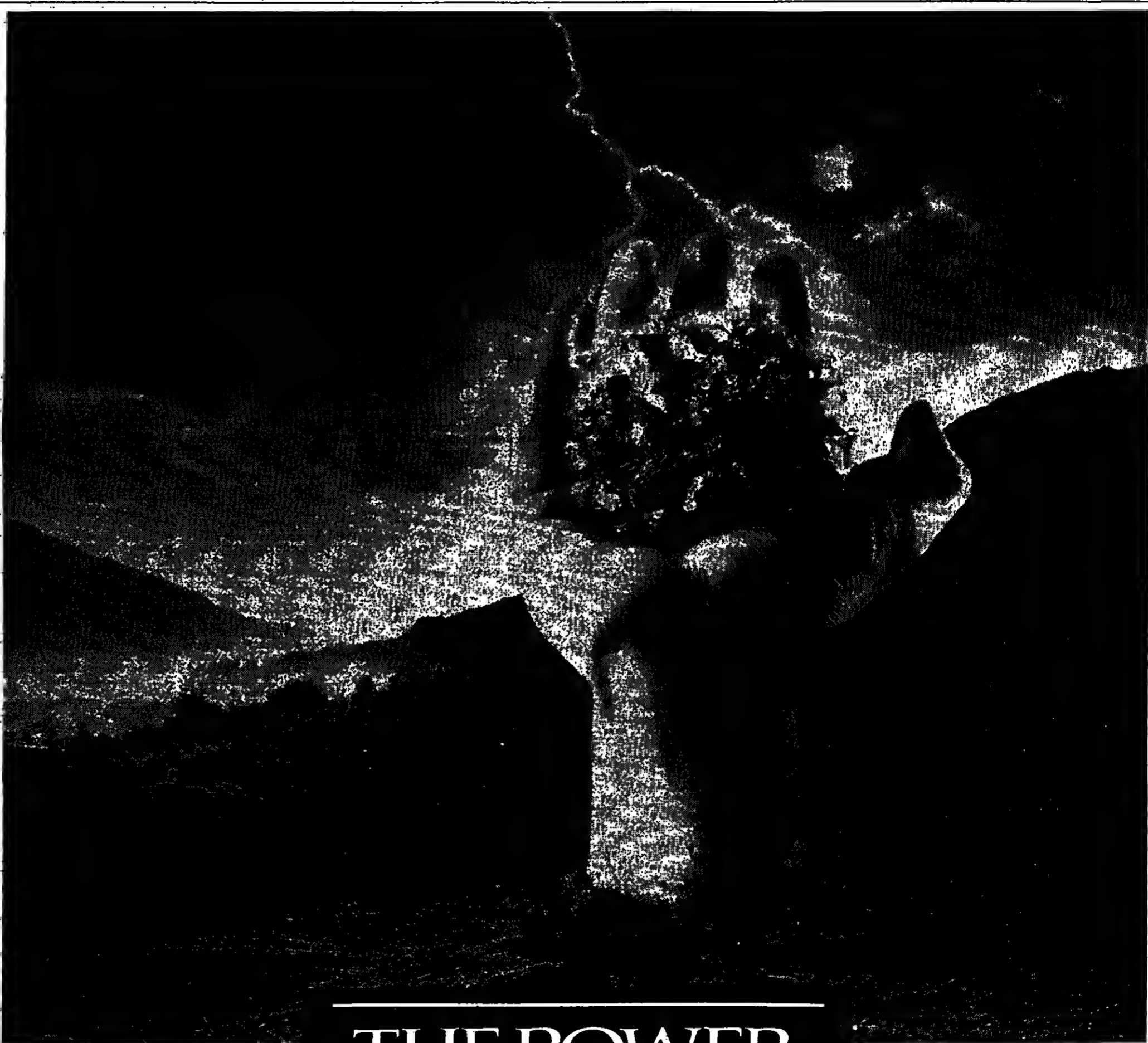
The company recently achieved a big breakthrough in the US market, which accounts for about 35 per cent of global veterinary sales. After exhaustive inspections the US Food and Drug Administration granted Norbroke a licence to sell its penicillin products in the US - the only foreign veterinary company to obtain such permission. A recent US order of \$2.5m was the company's biggest contract to date.

Norbroke feels it has the edge over the other companies mainly because of its extensive research and development programme and its data processing facilities. Regulations on animal drugs are becoming increasingly tight and all drugs have to be accompanied by an ever more complex list of data on exactly how they should be used and what effect they have on a particular animal.

The company has invested considerable funds in sophisticated technology. The Industrial Development Bank and Local Enterprise Development Unit (LEDU) have helped Norbroke at various times. But despite sales success, funding is often hard to come by. Banks within Northern Ireland often lack the necessary expertise to deal with global transactions.

Banks outside Northern Ireland are still often prejudiced against doing business with companies in the province. Perception to be not-too-far Northern Ireland. Again, perception and reality are far apart.

Kieran Cooke



THE POWER IN THE LAND

What Northern Ireland needs is a power source that's plentiful, reliable, economical and environmentally safe... to heat your homes, and fuel your industries.

And that's exactly what we have in the new face of British Coal—a dynamic hi-tech industry with a sharp competitive edge in the market place.

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There are enough coal reserves in Britain to last for hundreds of years. And our coal industry has never been in better shape.

Coal production costs are the lowest in Western Europe. Productivity has rocketed 60 per cent in recent years. Coal is low in price and high in availability—a pattern British Coal is confident can be maintained well into the 21st century.

We have the technology

British Coal leads the world in both mining and

the highest penetrations in the world. And by next year a similar amount will be used to produce electricity at Belfast West and Kilroot power stations. Important industrial concerns such as Du Pont and Blue Circle rely on British Coal. The Royal Victoria Hospital in Belfast and Altnagelvin Hospital near Londonderry are also customers of British Coal.

combustion technology. That means individuals or companies using coal enjoy the world's most advanced equipment—in design, automatic control and environmental safeguards.

Working for Northern Ireland

British Coal plays a vital role in meeting the energy needs of Northern Ireland. Over one million tonnes of coal and smokeless fuels burnt in the home come from British Coal. This represents a market share of 75 per cent—one of

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British Coal offers every kind of coal to every type of consumer. Throughout the UK we help produce everything from chemicals to cars, tomatoes to tarmac, pints of beer to pints of milk.

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THE NEW FACE OF BRITISH COAL



Norbroke Laboratories: enthusiasm wins through

Belfast confounds the first-time visitor

A monument to resilience



The Belfast Grand Opera House has been restored to its former Edwardian splendour

"IF YOU want to make money in Belfast, be a glazier," the local joke goes. Over the last month there has been a series of bomb blasts in Belfast city centre, including one which shattered several stained glass windows in Belfast's Victorian City Hall. Within minutes of the explosion, life was back to normal.

Belfast confounds the first-time visitor. It is a monument to the resilience, stubbornness and drolle humour of its people. Despite the bombs and the bullets and, perhaps most devastating of all, the ever-present spectre of unemployment, the centre of Belfast bustles. Its Marks and Spencers is one of the chain's most busy stores in Britain. Nearly 200 restaurants have been opened in the city in the past five years. There is a thriving artistic life with plays and concerts regularly attracting capacity audiences. The Belfast Grand Opera House has been restored to its former Edwardian splendour.

Outside the city centre, life is rather different. In some pockets of the city like New Lodge in North Belfast, there is more than 70 per cent unemployment. Fences and security posts surround neglected streets. Five minutes drive and it is like two different cities.

One in three of Northern Ireland's population live in Bel-

fast. This month, Belfast celebrates the centenary of the granting of the Royal Charter by Queen Victoria, bestowing on it the status of a city. Mr Nigel Dodds, at 30 the youngest Lord Mayor not only in Britain but possibly in the Commonwealth, sees the centenary as an ideal platform to promote the city.

"It's a time to demonstrate that life goes on in this city; that despite the bombs people have won the city back and they are now looking to the future," says Mayor Dodds.

Throughout October a number of city-wide events have been planned, including the premier of a specially-commissioned play based on the city's development, an international cycling grand prix round the city centre, and a series of lectures on various aspects of Belfast history.

Politics is never far away in Northern Ireland. Sinn Fein, the political wing of the IRA, holds nine seats on the Belfast City Council. It describes the centenary celebrations as discriminatory and accuses the majority Unionists on the Council of ignoring nationalist areas of the city, a point bitterly contested by Mayor Dodds.

"Sinn Fein try to politicise everything. It's very divisive on the City Council poisons

local government," says Mr Dodds, a member of Mr Ian Paisley's Democratic Unionist Party. Sinn Fein, which earlier this year held its own festival in West Belfast, is boycotting the centenary celebrations.

For their part, the City Council's Unionists have waged, along with the rest of the Unionist community, a strident campaign against the 1985 Anglo Irish agreement. "Belfast says No" proclaims a banner on the City Hall. Because of the agreement, Council officials have no direct contact with Government ministers.

William Macneil Thackeray, writing during a tour of Ireland in the 1840s, found Belfast "a place that seems devoted to preaching, politics and trade". Louis Macneice, Belfast born and one of Britain's great 20th century poets, described the city as "devout and profane and hard".

Belfast has a lot to be proud of in its history. A century ago it was the premier city in Ireland, the centre of what was the world's largest linen industry, involved in a whole range of enterprises from ropemaking to distilling to the manufacture of tobacco.

Its shipyards, centred on the giant Harland and Wolff yard, led the world in ship construction. Liners like the Oceanic

and the ill-fated Titanic were Belfast built. The benches in the City Hall council chamber were carved by the same craftsmen who worked on the lavish interior of the Titanic.

"That's why I climb up to the top of the City Hall each morning to check there are no insects coming," says Mr Dermot Magarry, Sergeant at Mace and the Lord Mayor's attendant.

While there has been a serious erosion of Belfast's industrial base, 28,000 of the city's workforce are still employed in manufacturing. In recent years, serious efforts have been made to tackle some of Belfast's most serious problems.

In many parts of the city there have been radical improvements. In some of the most troubled streets of West Belfast, houses have new roofs and neat-looking fronts. A 1979 survey found 95 per cent of Belfast housing in need of major improvement and 15 per cent unfit for habitation.

According to the Department of the Environment, the body responsible for housing in the province, just under half of the £2.5bn spent on housing in Northern Ireland since 1981 has been allocated to Belfast. There have been 30,000 houses redeveloped: hundreds of new homes have been built and the number of houses considered unfit for habitation has been halved.

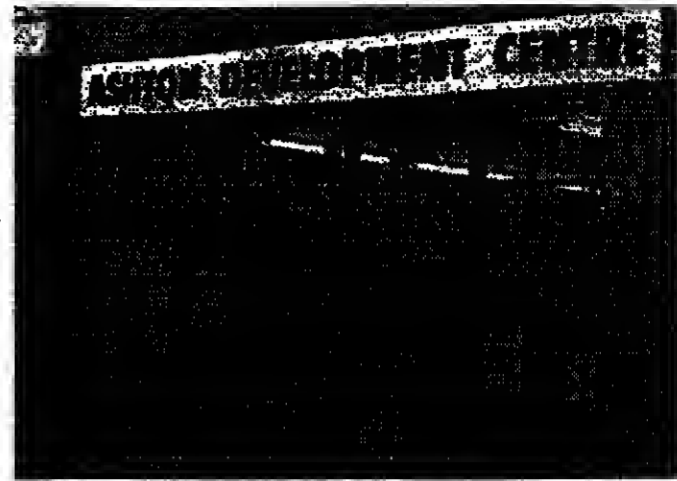
A Belfast enterprise zone, set up in 1981 along with 10 other such zones in the UK, has attracted more than 200 companies and well over 2,000 jobs. A £240m scheme to improve and develop derelict areas along a 1.5 mile stretch on the banks of the Lagan river, which flows through the city, is underway. Plans are ambitious: they include a "harbour village", a marina and waterfront housing.

Communications with Belfast have improved a great deal over the years. Belfast Airport has just started a £20m development programme and both domestic and international passenger traffic is at an all-time high. No one, especially its inhabitants, denies that Belfast has its problems. But with its hills and sea, it remains one of the UK's more pleasant cities, fiercely proud of its past and ever hopeful of a more peaceful future.

Kieran Cooke

NEW LODGE SCHEME

Co-operative plans



The Ashton Centre project: bringing confidence

PEOPLE IN Northern Ireland are not battling each other all the time. Far from it for the most part, Northern Ireland is a peaceful community. Often in those areas where there is conflict or deprivation, a variety of groups is trying to improve the situation.

A recent report described the New Lodge, a mainly Roman Catholic working class community in North Belfast, as an area of chronic multiple deprivation and impoverishment. New Lodge has a population of 5,700. Unemployment is more than 70 per cent and in the 16 to 25 age group, nearly 90 per cent.

The area has seen a great deal of civil unrest over the last 20 years and lacks many basic amenities. The security forces make regular raids. There is often rioting and there have been several sectarian attacks.

Now a scheme is underway which it is hoped will be a first step towards improving the lives of New Lodge residents. Plans are to build a multi-purpose co-operative business centre on a derelict site in the middle of the area. While a substantial portion of the money for the project is likely to be provided by government, initial funding is being raised from New Lodge residents through a share ownership scheme.

Mr Seamus McAloran is a local community worker who has been fighting for more amenities for the New Lodge area for many years. "The centre will not solve all the problems, far from it. But it will be

vital in getting people to believe that they can do things and improve things themselves; that despite everything they can succeed."

The cost of the centre, which will eventually comprise a supermarket, retail units, an enterprise centre and industrial premises for small local projects, is estimated at £550,000. The share ownership scheme, launched last month, is designed to demonstrate to government, other outside agencies and the people of New Lodge themselves, community

involvement and commitment to the project.

Every Friday night, officially-nominated collectors tour the New Lodge area. Each household is asked to contribute £1 to buy a share. The collections will go on for 35 weeks. To be full voting members of the Ashton Centre Co-operative, a minimum of 35 shares must be held.

Mr McAloran says the response so far has been far better than anticipated. "On the first night's collection, covering only part of the area, we

raised £1,000. That's a big achievement in an area where there is so much unemployment. People here are now talking about shares for the first time in their lives."

The target is to raise at least 10 per cent of the total cost of the project from local sources and from other agencies. The Roman Catholic Church has contributed £10,000 and approaches have been made to organisations such as The Ireland Fund.

The Belfast Action Teams, set up last year by the Department of the Environment to look at the problems of specific areas, have helped at various stages of the Ashton Centre project. Support and assistance has also come from other community projects: the Gallagh Co-op in Londonderry, which organised a similar share scheme in the early 1980s and is now a thriving enterprise, helped in planning and advising the Ashton Centre.

It is hoped that work on the Centre will start by the end of the year. No one claims the Centre will be a panacea for all the problems of New Lodge. But it will bring confidence and positive development to one of Belfast's most troubled areas.

Kieran Cooke

Agriculture is the province's largest industry

A more prosperous year

ULSTER FARMERS never count their chickens before they hatch, so if there is an air of optimism about recent improvements in the province's largest industry it is only felt as a mild breeze on the land. And if pundits point to a rise in farm incomes of over 80 per cent in the past year, others, much closer to agriculture, quickly put things into perspective.

According to the Department of Agriculture total farm incomes in Northern Ireland rose from £62.2m in 1986 to £113.8m last year, a rise of 83 per cent.

Farmers leaders, however, stress that four years ago farm incomes were worth £130m and they emphasise also that in

two successive years producers suffered significantly from a fall in returns.

"Partly because prices received by farmers for their produce increased by more than the unit costs of inputs, this represents rather more than just a return to normal from the weather-affected previous year," a senior official in the Department of Agriculture states. In real terms, farming income in the province was at its second highest level since 1978.

Lord Lyell, the minister responsible for agricultural matters in Northern Ireland, has now been long enough in the province - over four years - to be just as cautious about things as the farmer he meets

on his travels.

"It is too early yet to say whether or not the significant recovery in farming income last year has been sustained in 1988," he says. "However, barring serious weather problems in the remainder of the year, I would be surprised if there is any marked reduction. Some sectors are obviously doing better than others. Returns to dairy farmers remain firm and throughout the year cattle prices have been significantly above 1987 levels.

"Despite somewhat lower market prices, profitability in the sheep sector remains good. Returns from pigmeat and egg production have been poor, however, and the industry faces higher feed prices as a

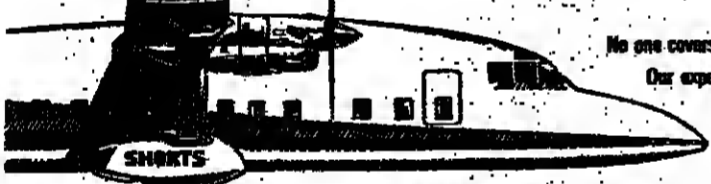
result of the drought in the United States," says Lord Lyell.

On a more positive note, the minister points to the reopening of the agricultural development programme for the "less favoured areas" of the province and the fact that the strengthening of sterling has reduced MCA's - Monetary Compensatory Amounts - to low levels.

"The future will not be easy but in Northern Ireland we have an industry which is adapting well to the changes in EC policy and which is much more efficient than it was 10 years ago. The longer I am here the more I am convinced that the industry can face 1992

Continued on Page 6

We put today's most successful commuter aircraft in the air...



No one covers short haul better than Shorts. Our experience in regional aircraft is the envy of our competitors. So is our product. The current wide-body 360 for instance, perfectly balances

profitability with passenger comfort. Chosen by over 40 operators worldwide, it carries over 1/2 million passengers every month. It's profitable with load factors as low as 35%. And its dispatch rate is 99% reliable.

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Gallagher Tobacco is the leading tobacco company in the UK, distributing many famous brands and maintaining jobs in several areas of high unemployment.

Gallagher is particularly proud of its roots in Northern Ireland where, as well as being one of the largest private sector employers, the Company supports a wide range of community interests.

Through the Gallagher Business Challenge Awards Scheme set up by the Company in 1986, Gallagher aims to highlight Northern Ireland's most enterprising small businesses. Also, as one of the major funding bodies since 1981 of the

highly acclaimed Ulster Orchestra, Gallagher is helping to bring live performances of orchestral music to audiences throughout the Province.

Gallagher's relationship with Northern Ireland spans two centuries and the Company is firmly committed to continue being a part of Northern Ireland in the future.



INTERNATIONAL COMPANIES AND FINANCE

US drug groups register strong improvements

By James Buchan in New York

US PHARMACEUTICAL companies yesterday reported solid improvements in earnings for the September quarter, thanks to the strength of a number of high-priced new drugs and favourable exchange rates overseas.

Merck, which this year launched a new antidepressant and an ulcer drug, said its earnings rose 19 per cent in the third quarter to \$171.4m or \$1.20 a share from continuing operations. Sales rose 7 per cent to \$904.6m.

Sharp fall at Morgan Stanley

By Janet Bush in New York

MORGAN STANLEY Group, the blue-chip US investment bank, yesterday reported sharply lower earnings in its third quarter and simultaneously announced a plan to buy back \$100m worth of its common shares.

\$5.28 a share in the second quarter of 1988, but much of this was derived from a single leveraged buy-out transaction involving Cain Chemical. There were already signs of a sharp drop in commission-earning business and a decline in revenues from investment banking in the second quarter.

Books division boosts Time Inc profit

By Robert Vincent in New York

TIME INCORPORATED, the US media group, pushed up net income in the third quarter after strong performances by the books group, a first-time dividend from its investment in Turner Broadcasting System and a lower tax rate.

relocation of its executive office. The year-ago figures include a \$16.3m or 14 cents pre-tax gain from the sale of Discover magazine.

Alcan income increases by 111%

By David Owen in Toronto

ALCAN, the large Montreal-based aluminium producer, yesterday reported a spectacular 111 per cent increase in third-quarter earnings.

Overall, the Canadian company's third-quarter income totalled US\$258m or \$1.61 a share. This compared with \$122m or 77 cents a share in the corresponding year-earlier period.

Citicorp makes steady progress

By Robert Vincent in New York

CITICORP, America's biggest commercial banking group, reported a further strong advance in the third quarter, reflecting continued progress across all the company's businesses and improved cost control.

Wells Fargo, the California-based bank which acquired Barclays Bank of California earlier this year, reported a downturn in net earnings for the third quarter. The bank saw earnings fall to \$31.7m or \$2.36 a share from \$155m or \$2.77 for the same period last year.

In the latest quarter its provision for loan losses stood at \$75m, unchanged from a year ago, and domestic and foreign charge-offs amounted to \$37.7m for the quarter.

Buoyant returns from Abitibi

By David Owen in Toronto

ABITIBI-PRICE, the world's largest newsprint producer, has reported a 35 per cent increase in third-quarter profit due to higher prices and buoyant demand.

On sales of C\$2.2bn in the corresponding 1987 period. The Toronto-based company, which is part of the Reichmann brothers' property and resources empire, has been hit by the recent appreciation of the Canadian dollar against its US counterpart.

Big jump in MCI revenues

By Roderick Oram in New York

MCI COMMUNICATIONS, the second largest US long-distance telecommunications carrier after AT&T, has reported another big jump in revenues and profits thanks in part to new services and higher operating margins.

Record trading at Scott Paper

By Our Financial Staff

SCOTT PAPER, the Philadelphia-based paper products group, yesterday reported nearly tripled third-quarter net income of \$170.7m or \$2.22 a share up from \$58.5m or 76 cents a year ago.

Abroad, while consolidated subsidiaries reported a 31 per cent sales increase in the third quarter, operating income was about the same as in 1987, due principally to costs associated with Scott's European growth strategy and rising pulp prices.

Repap Enterprises to expand

By Robert Gibbens in Montreal

REPAP ENTERPRISES Corporation is committed to put a new coated paper machine at Prince Rupert, northern British Columbia, at a cost of several hundred million dollars, within the next five years, says Mr George Petty, company chairman.

By the end of 1989, with new machines in New Brunswick and Wisconsin on stream, Repap will have a total coated paper capacity of 850,000 tonnes and will be among the three leading North American producers.

Gain from disposals lifts TRW

By Our Financial Staff

TRW, the big US defence and engineering group, reported net income of \$68m or \$1.11 a share in the third quarter, compared with \$65m or \$1.01 in the same quarter of 1987.

heavy trucks. Mr Ruben Mettler, TRW's chairman, said: "Our space and defence business was down somewhat as expected... While our automotive business would have posted another good quarter in what has been a very good year."

Johannesburg Consolidated Investment Company, Limited

Group Gold Mining Companies Summary of reports for the quarter ended 30 September 1988

Randfontein Estates

Table with 2 columns: Quarter ended (30.9.88, 30.6.88) and various financial metrics like Ore milled, Yield, Working cost, Profit from gold, etc.

Western Areas

Table with 2 columns: Quarter ended (30.9.88, 30.6.88) and various financial metrics like Ore milled, Yield, Working cost, Profit from gold, etc.

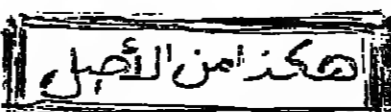
H. J. Joel

Table with 2 columns: Quarter ended (30.9.88, 30.6.88) and various financial metrics like Ore milled, Yield, Working cost, Profit from gold, etc.

Randfontein: Working costs reflect a higher proportion of underground tons treated, costs of stores and increases in wages. Surface tons milled decreased from 440 000 to 225 000 tons.

NORTH AMERICAN QUARTERLY RESULTS

Large table with multiple columns showing quarterly results for various companies like MISC CASCADE, CONSUMERS, E-SYSTEMS, etc.

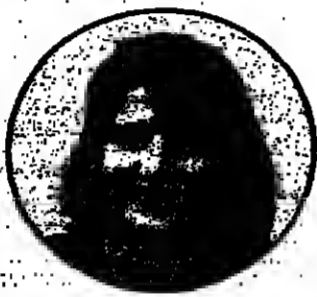


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— CHIEF EXECUTIVE
A graduate of Trinity College, Dublin, Anthony O'Sullivan has been a stockbroker for 15 years, having previously worked in merchant banking and mining finance. Before starting Sassoon Europe he was the partner responsible for the international department at the London Stockbroker W. Greenwell.



FIONA NORMAN
Personal Assistant to
Mr O'Sullivan

J. M. SASSOON, SINGAPORE'S LARGEST STOCKBROKER, WITH A HISTORY SPANNING MORE THAN HALF A CENTURY IS INCREASING ITS PRESENCE IN LONDON, THE WORLD'S LEADING FINANCIAL CENTRE.

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SASSOON MEANS SERVICE



ROGER HORNETT —
DEPUTY MANAGING DIRECTOR
In his 20th year in stockbroking, Roger Hornett has spent his entire career studying Europe. Prior to the appointment with Sassoon he was a director of James Capel International and joint managing director of their subsidiary in Amsterdam. For 11 consecutive years Roger Hornett's team were voted top European analysts in the influential Exel survey.



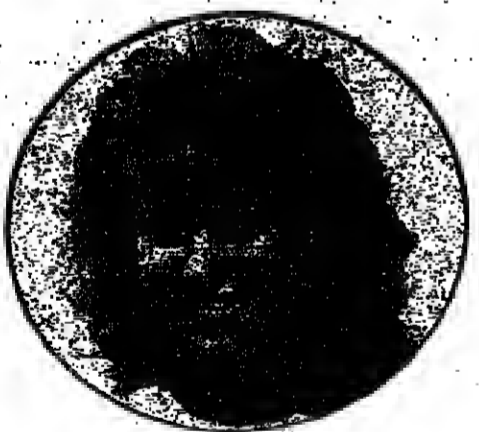
JACKI LILLEY —
Personal Assistant to
Mr Hornett



JEROEN VAN DER PLOEG
Institutional Sales — Bonds
Jeroen Van der Ploeg has been involved in the International Bond Markets since 1972 and has also traded equities and gold shares for Dutch and American houses. Jeroen joined Sassoon in 1987.



FRANCESCA NOBLET —
INSTITUTIONAL MARKETING &
RESEARCH — EQUITIES
After graduating from Oxford in 1983, Francesca Noblet taught business students at Salerno University and is fluent in both Italian and Spanish. She then moved to Nikko Securities where she spent two years in the European department before becoming a marketing executive with James Capel in 1987.



JENNY SARGEANT —
Client Data Co-ordinator



ANDREW PARRISH —
SETTLEMENTS CO-ORDINATOR



PHILIP DORAN —
INSTITUTIONAL MARKETING &
RESEARCH — EQUITIES
A former economics lecturer and research assistant, Phil Doran has taught in the Netherlands and lived in W. Germany. He is fluent in both languages and is now in his fourth year of European stockbroking.

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INTERNATIONAL COMPANIES AND FINANCE

NZ to sell 100% of state airline

By Dal Hayward in Wellington

THE NEW ZEALAND Government yesterday put Air New Zealand, the state airline, up for sale in its entirety after scrapping negotiations with Qantas of Australia...

the whole caucus of the ruling Labour Party, where several MPs are known to support B.A. Air NZ management also pre-empted such a link because of the UK airline's sophisticated international booking system...

pointed and bewildered. It had made it clear it was flexible in its approach and was prepared to consider bidding for any proportion of the shares which the Government made available...

national flag airline, it is generally taken to mean that a majority of the shares should be held by citizens or organisations of the country in which the airline is registered...

Cathay City bids for Hongkong Hotels

By John Elliott in Hong Kong

HONGKONG AND Shanghai Hotels, which operates the territory's Peninsula Hotel, yesterday rejected a HK\$45.8bn (US\$756.4m) surprise takeover approach from Cathay City Investments...

Randfontein abandons uranium mining

By Jim Jones in Johannesburg

FEAR OF future losses has persuaded Randfontein Estates, a gold mine managed by the Johannesburg Consolidated Investment (JCI) mining group, to abandon uranium production...

JCI GOLD QUARTERLIES table with columns for Gold produced (Tons), After-tax profit, and Earnings per share (cents) for Sep 93, Jun 93, and Sep 92, Jun 92.

The uranium plant is to be cannibalised for equipment which can be incorporated into the gold treatment facility serving Randfontein's new Doornkop section.

reported good progress in the development towards South Deep, a potential deep and rich new mine beyond Western Areas' southern boundary.

Gold prices offset Anglovaal wage rises

By Jim Jones

HIGHER RAND gold prices offset the effect of mid-year wage increases at the three principal gold mines managed by South Africa's Anglovaal group during the September quarter...

ANGLOVAAL GOLD QUARTERLIES table with columns for Gold produced (Tons), After-tax profit, and Earnings per share (cents) for Sep 93, Jun 93, and Sep 92, Jun 92.

Anglovaal recently completed a preliminary feasibility study of the proposed mine, which lies just to the north of Lorraine and which is 35.7 per cent owned by Anglovaal...

surface dump material. A lower rate of milling underground ore combined with higher wages to hit the cost of mining and processing each tonne of ore to R146.27 (R99.95) in the September quarter...

CSR sells remaining oil and gas interests to AGL

By Chris Sherwell in Sydney

CSR, the Australian sugar and building products group, yesterday abandoned plans to float its remaining oil and gas interests and sold them to the Australian Gas Light Company (AGL) for A\$142m (US\$115m).

aging director, said yesterday, the size of the float made it difficult to attract opportunity for all shareholders to take up a meaningful holding.

Elders proposes buy-back

ELDERS IXL, the Australian brewing and agribusiness group, will ask shareholders to approve a complex buy-back of up to 10 per cent of its capital, pre-empting changes to Australian buy-back laws...

(US\$465.2m) to buy a maximum 10m Elders shares.

Bond buys US hotels for \$206m

BOND CORPORATION, Mr Alan Bond's brewing and investment company, said yesterday it had paid more than US\$206m for hotel interests in New York and San Diego...

The company had bought New York's St Moritz Hotel for \$12m, it said without naming the seller.

This announcement appears as a matter of record only.

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Table of member banks including Société Générale, Société de Banque Suisse, Banque Nationale de Paris, etc.

September 1988

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MATTHEW E. TUTINO, President and Chief Executive Officer of Cantel Corporation (formerly known as Mohawk Data Sciences Corp.) and Chairman of MDS Capital Corporation, wishing Europe, wishes to discuss with any and all debenture-holders matters relating to the Subordinated Guaranteed Debentures maturing on May 1, 1989...

Meeting details table with columns for date, location, and time.

Which company

- ...is re-building Reading Station? ...is selling luxury flats in Wimbledon? ...is hiring specialist plant nationwide? ...is working on oil rigs around the world? ...is providing computer personnel in Australia? ...has put the whole of the Electoral Register onto a computer data base? ...has provided share information offices for British Airways Authority, Rolls Royce and British Airways? ...has despatched 75 million pieces of mail in the last year?

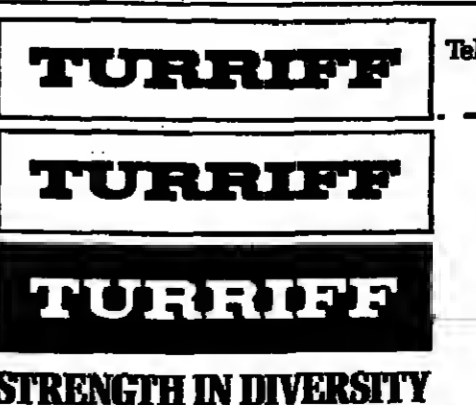
It may surprise you to learn that all these activities are carried out by Turriff Corporation. We are listed on the London International Stock Exchange and last year our profit before tax rose 93% while earnings per share were up 45%.

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Contact form for Peter Taylor, Turriff Corporation, PO Box 78, Budbrooke Road, Warwick CV34 5XJ, Tel. 0926 493400.

Name, Address, Postcode, Telephone fields.



MARINE MIDLAND BANKS, INC. FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999. For the three months 19th October 1988 to 18th January 1989 the Note will carry an Interest Rate of 8 3/4 per cent per annum with a Coupon amount of US\$226.81 per US\$1000.

INVESTORS IN INDUSTRY GROUP PLC. £75,000,000 Floating Rate Notes 1994. For the three month period 17th October, 1988 to 17th January, 1989. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 12 1/4 per cent per annum...

INTERNATIONAL CAPITAL MARKETS

Mixed midsession for Treasuries as oil dips

By Janet Bush in New York, George Graham in Paris, and Simon Holberton and Dominique Jackson in London

US TREASURY bonds traded mixed at midsession yesterday with the focus on the dollar, crude oil prices and continuing uncertainty about whether a long bond will be auctioned in the November quarterly refunding.

necessary, rather than considering a realignment of the franc's exchange rate within the European Monetary System.

The Bank of England first offered on June 2. The market for conventional stocks was quite strong. Rumours abounded of foreign interest in the market, though this appeared to be more heard than seen.

GOVERNMENT BONDS

usual margin of half a percentage point above the tender rate.

UK GOVERNMENT securities were yesterday largely untroubled by a slight weakening in sterling and official figures showing an unexpected rise in government borrowing in September.

WEST GERMAN government bonds were barely changed in value. The volume as dealers weighed in was for some fresh incentives from the foreign exchanges.

Otherwise, oil prices continued to be a factor. Crude for November delivery was yesterday morning quoted at \$14.90 a barrel on the New York Mercantile Exchange, 41 cents below Monday's close.

Higher interest rates were already discounted in the bond market, after Mr Pierre Bérégovoy, the Finance Minister, had said at the weekend that he would raise interest rates if

Murdoch group signs \$2bn credit facility

By Stephen Fidler

FINANCING OF mergers and acquisitions continues to provide the focus of much activity in London's international syndicated loans market.

Yesterday, Mr Rupert Murdoch's News International signed a \$2bn credit facility to help finance the proposed \$3bn acquisition of Triangle Publications, a private US publishing company which includes TV Guide among its titles.

Midland Montagu, which co-ordinated the financing, said the facility, which had been underwritten by 10 banks, comprised two equal tranches: a short-term facility and a five-year revolving credit.

Bull proposes \$200m perpetual note issue

By George Graham in Paris

BULL, THE French state-owned computer group, is about to launch a \$200m fund-raising exercise using the technique of perpetual capital notes pioneered by Rhone-Poulenc, the state-owned chemical company.

repackaging of perpetual notes to give the issuer the closest possible equivalent to equity capital, appears to provide a convenient escape route for France's state-owned companies, many of which are in urgent need of fresh funds but which cannot issue new shares.

for restrictive fiscal treatment for the perpetual notes which would - in theory - make them unattractive to future issuers.

Bull's \$300m issue, expected to be announced today or tomorrow, will be led by J.P. Morgan.

French taxman takes a dim view

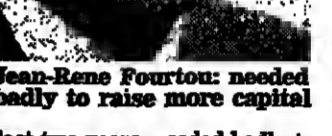
George Graham on fiscal opposition to a hybrid form of capital

THE IDEA of perpetual capital notes began in Puerto Rico in 1982. They have come a long way since then and appear to have found their true calling among France's state-owned companies.

Credit Enhanced Perpetual Capital Notes, buying with the prepaid interest US Treasury zero coupon bonds, which will accrue to pay off the principal of the perpetuals in 15 years time.

But the French fiscal authorities appear to be adopting a restrictive view of how much of the payments companies may deduct from their tax bill as interest, and how much constitutes repayment of capital.

is not cumulative in the event of non-payment, believes its notes will be accepted as first tier capital. Not all bankers share this interpretation.



Jean-Rene Fourton: needed badly to raise more capital

last two years, needed badly to raise more capital, but had already reached the limit for issues of non-voting certificates of investment (Cis).

Budget ministry officials have indicated that in future they will treat the prepayment of interest, used to buy the zero coupon bonds, as non-deductible, and will only allow a portion of the annual interest payments to be deducted.

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Bid, Price, Change, Yield, Week, Month, and Year.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY table showing British Funds, Domestic and Foreign Bonds, Financial and Properties, etc.

LONDON RECENT ISSUES

EQUITIES table listing various companies like British Airways, British Telecom, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Amount, Latest, etc.

RIGHTS OFFERS

Table listing rights offers for various companies.

TRADITIONAL OPTIONS

Table listing traditional options for various companies.

LONDON TRADED OPTIONS

Large table listing various options with columns for Option, Calls, Puts, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table listing various share indices like EQUITY GROUPS & SUB-SECTIONS, FT-SE 100 SHARE INDEX, etc.

FIXED INTEREST

Table listing fixed interest rates and yields for various terms.

opening index: 1862.1, 10 am 1861.4, 11 am 1860.4, Noon 1862.0, 1 pm 1861.9, 2 pm 1862.5, 3 pm 1859.9, 3.30 pm 1860.1, 4 pm 1859.9

WHAT'S IN A NAME?

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INTERNATIONAL COMPANIES AND FINANCE

Pebereau stake-building fuels market speculation

By Paul Bette in Paris

MR Georges Pebereau, the former chairman of France's Compagnie Générale d'Électricité (CGE), is causing a stir on the Paris bourse by building up stakes in several French privatised groups through his recently formed Marceau Investissements investment bank. Marceau Investissements, whose capital was increased this month to FF1.8bn (\$320m), has increased its stake in Société Générale, the country's biggest privatised commercial banking group, from 0.8 per cent to between 2 and 3 per cent during the past few months. Mr Pebereau's bank has also increased its stake in Compagnie Financière de Suez and acquired positions in Paribas and CGE, his former telecommunications and heavy engineering group. Mr Pebereau's manoeuvres have provoked a wave of speculation that the former CGE chairman, an accomplished international dealmaker and financial virtuoso, is on the verge of launching a number of spectacular operations in the newly privatised company sector. Indeed, there have been a

series of rumours that Mr Pebereau and a number of his French and international financial partners had already accumulated 10 per cent or more of Société Générale. Société Générale shares have been heavily traded in recent weeks, but the large privatised bank has claimed that 51 per cent of the voting rights in the group were held by friendly investors including 30.3 per cent in its so-called hard core of stable shareholders. But Mr Pebereau does not appear at present to have any hostile intentions towards the privatised group. Indeed, while he has increased his stake in Société Générale, the large privatised bank appears in turn to be planning to buy a stake in Marceau Investissements. However, the former CGE chairman seems to be seeking to play an increasingly active role in the broad financial strategies of the privatised groups in which Marceau Investissements has acquired stakes. Mr Pebereau created Marceau Investissements after he was replaced by the former

right-wing government at the top of CGE shortly after he negotiated the landmark telecommunications agreement between CGE and ITT giving the French group control of ITT's telecommunications interests. Mr Pebereau has succeeded in building Marceau Investissements into an increasingly significant player on the Paris financial scene with the help of key partners like Mr Gastave Leven, the veteran chairman of Paribas, and Mr Jean-Louis Descours, the head of the André shoe group. Nearly 50 per cent of Marceau Investissements shareholders are foreign investors, including among them ITT which owns a 6 per cent stake in Mr Pebereau's investment bank. Mr Pebereau also acquired this month a 10 per cent stake in Wagons-Lits, the Franco-Belgian diversified travel and tourism group, famous for its railway sleeping cars, by forming a joint venture with the Caisse des Dépôts, the large French state financial institution whose chairman Mr Robert Lion has long been a close friend of Mr Pebereau.

UK group sets up new tax-exempt index fund

By Barry Riley in London

THE RECENT series of launches of index-tracking funds has continued with the introduction of a new UK Index Exempt Fund by County NatWest Investment Management. It is claimed to be the first index fund to be tailored to the needs of small and medium-sized tax-exempt pension funds and charities. Index funds are designed to match as closely as possible the performance of a selected stock market index, in this case the FT-Actuaries All-Share Index. CWIM is one of the leaders in this field in the UK, and already runs some 250m (£5.5bn) of index-tracking portfolios, mostly for large pension funds. It says that during the past three years its funds have tracked the index to within 0.65 per cent on an annualised basis, ignoring management fees. The new fund has started with £20m but another £50m to £60m is said to be waiting for subscription. As an incentive, CWIM is waiving front end charges for the next two monthly dealing dates. Beyond that the charge will be 5 per cent on the minimum £50,000 subscription, falling to 0.65 per cent on £10m-plus investments. The annual management fee is 0.1 per cent. CWIM uses a risk matching approach to achieve close tracking, instead of full replication. Initially the portfolio will contain 250 stocks rather than the 711 in the All-Share Index. As the fund gets bigger the number of stocks may rise to an eventual 450.

Sedgwick acts on employee benefits business

By Nick Barker in London

LONDON-based Sedgwick Group, the world's second largest insurance broker, is setting up a new company, Sedgwick Financial Services, with 550 staff and current annual turnover of about £25m (\$43.5m), to integrate and develop its European and Far Eastern pensions, employee benefits, and personal financial planning business. With 20 actuaries and 1,500 corporate pensions clients in the UK, Sedgwick already ranks about fourth biggest among British based employee benefits consultancies. Mr David Strauss, Sedgwick Financial Services' chief executive, said yesterday the new company would bring together the group's existing European, Asian and Pacific Basin employee benefits businesses, with a particular emphasis on serving transnational corporate clients in the European Community in the run-up to 1992. Mr David Rowland, Sedgwick Group's chief executive, said the goal was to raise employee benefits and financial services turnover from the present 8-10 per cent of group turnover to about 15-20 per cent. The group has in the past been criticised by some commentators for failing to match the global employee benefits and financial services expansion of its major rivals, New York-based Marsh & McLennan and Alexander & Alexander.

Rales raise cash bid for Interco to \$2.73bn

By Rob Vincent in New York

AN INVESTOR group has improved its bid for Interco, the St Louis based manufacturer of clothing and shoes. The group, led by Rales and Mitchell Rales, lifted its hostile bid from \$70 to \$74 a share. The \$2.73bn cash offer will put new pressure on Interco's management offer which at \$76 a share is a mixture of cash and subordinated debentures, say analysts. Interco has plans to restructuring the group in the face of the bid and said last month that the plan was designed to deliver shareholders the present value of at least \$76 a share. But analysts believe that the latest offer from the Rales brothers is going to be hard to beat. Financing for the Rales offer is to be secured through Dresd Bank, a syndicated led by Chase Manhattan Bank. The Rales' offer has been extended to October 31.

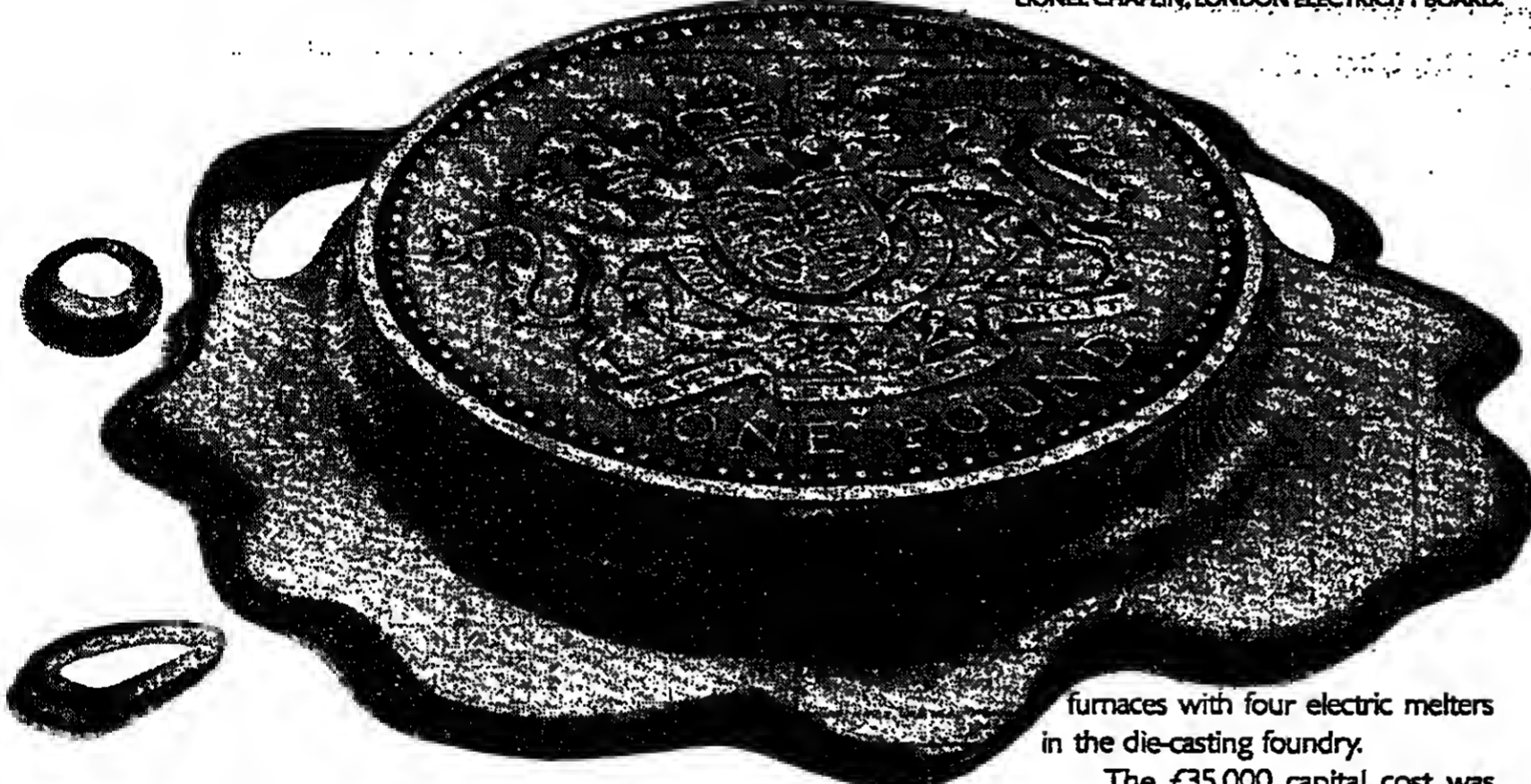
You don't get to be one of Britain's premier non-ferrous foundries without moving with the times, especially if you have been producing quality castings for over 100 years.



Melting was costing Stone Foundries Ltd £52 a tonne in energy alone when they called in Lionel Chaplin, Industrial Sales Engineer at the London Electricity Board. He helped Stone conduct a detailed technical appraisal and advised on a modernisation programme that included replacing five gas-fired

"I RECOMMENDED ELECTRIC FURNACES BECAUSE NO-ONE HAS MONEY TO BURN."

LIONEL CHAPLIN, LONDON ELECTRICITY BOARD.



furnaces with four electric melters in the die-casting foundry.

The £35,000 capital cost was recovered in less than six months in two ways. By melting at night using low-cost electricity and from a dramatic improvement in crucible life.

Energy costs for melting were reduced from £52 a tonne to a startling £23 a tonne.

This was one of several schemes to improve energy efficiency at Stone Foundries and just one of several thousand projects tackled by Electricity Board Industrial Sales Engineers (ISEs) last year.

Backed by all the technical resources of the Electricity Supply Industry, your local ISE could help you to discover ways to reduce operating costs, improve your product quality, increase production or create better working conditions.

Fill in the coupon now, or contact your ISE direct at your local Electricity Board.

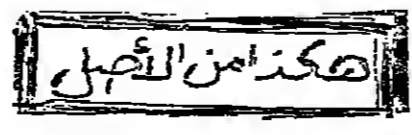
Form for requesting information on ISE services, including fields for Name, Position, Company, and Address.



The Electricity Council, England and Wales

Advertisement for Financial Times, titled 'Travelling on Business?', listing complimentary copies at various hotels and locations.

Table titled 'SPONSORED SECURITIES' with columns for High/Low, Company, Price, Change, Div (p), Yield, and P/E. Lists various stocks like Am. Intl. Ind. Ordinary, Am. Intl. Ind. Ord. Pref., etc.



UK COMPANY NEWS

Cash call of £44m to finance deal and end debt Fitch acquires Distillers' distributor from Guinness

By Nikki Tait FITCH LOVELL, food manufacturer and distribution group, yesterday announced that it was buying the UVC distribution business from brewing group Guinness.

Strong & Fisher puts bid case

By Nikki Tait STRONG & FISHER, which is waging a hostile bid for rival leather group Pittard Garner, yesterday claimed that the proposed acquisition would result in a group better able to compete in the international tanning industry.

McAlpine sells brick arm to Marley

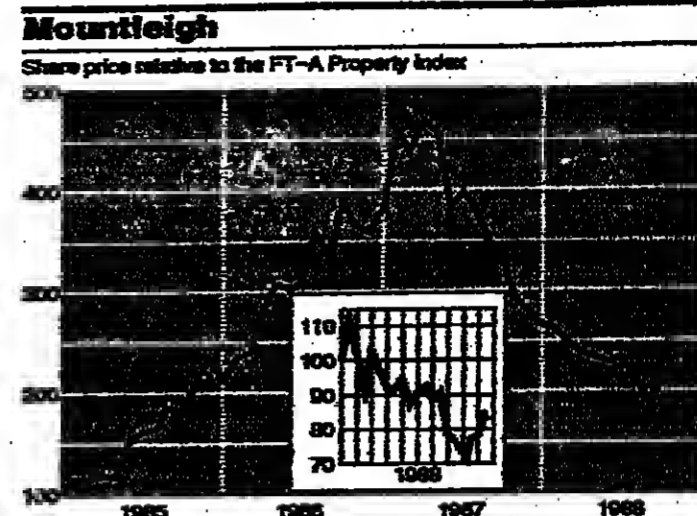
By Clare Pearson ALFRED McALPINE, the construction company, has sold its Scottish brick manufacturing operation to Marley, building materials group, for £3.6m.

Provident Mutual backs Mecca's bid

By Philip Coggan PROVIDENT MUTUAL, the single largest shareholder in Pleasurama, leisure group, has accepted the offer from Mecca Leisure, the bingo, holiday camps and nightclub group.

Ralston Inv. Trust joining main market By Philip Coggan Ralston Investment Trust, newly-created company in which Caledonia Investments holds a 75 per cent stake, is placing the main market via a placing valuing the trust at a little less than £15m.

An emphasis on net asset growth Paul Cheeseright analyses the new path being taken by Mountleigh



A T HALF past three yesterday morning in a suite of the Hilton International, Rotterdam, Mr John Duggan struck the deal which signals that Mountleigh, the aggressive property group built up by Mr Tony Clegg, has embarked on a new, quieter course.

As part of the arrangement with ODC, loan notes worth £90.85m will be retired by ODC. These loan notes were issued last year when Mountleigh bought from ODC the Galerías Preciso department store chain in Spain.



John Duggan - embarking on a new course

At this stage, he stated, he does not have a precise business strategy. But the general direction is clear. "The emphasis goes on to net asset value growth as a fundamental tenet." This will be mixed with developments, although, Mr Duggan added, "we will treat development very cautiously."

All of this chimes with the market mood of the moment. This year sentiment has been in favour of asset growth and the property merchant developers have been downgraded, generally underperforming the investment companies.

Mr Duggan sets off on his new course with properties worth, on Phillips and Drew calculations, about £900m after recent movements in and out of the portfolio. He has development prospects at Camberley town centre, the Criterion Theatre in London's West End, at Putney, Dagenham and elsewhere that he says will be seen through.

Kelt lifts stake in Carless to 5.3%

Kelt Energy, an oil rights and services group, yesterday announced that it had acquired a further 500,000 shares in its target.

Molynx in £3.7m purchase

By Clare Pearson THE REVITALISED management team at Molynx, security and closed circuit television equipment manufacturer, yesterday announced its second acquisition this year.

Derwent Valley doubled to £1.69m midway

Derwent Valley Holdings, property investor, more than doubled gross rental income and profits in the six months to June 30. Pre-tax profits rose from £818,000 to £1.69m on rental income up from £527,000 to £1.4m.

Cramphorn advances 27% to £870,000

Cramphorn, USM-quoted garden centres operator and distributor of garden and pet products, increased pre-tax profits by 27 per cent in the year to July 2, due mainly to improved margins and greater efficiency.

Royal Ins buys rest of Lincolnshire estate agent

ROYAL INSURANCE, composite insurer, plans to issue up to 10m new shares to pay for an agreed bid for the remainder of the estate agent business of William H. Brown, Lincolnshire-based chain of 250 estate agencies.

Delyn Packaging

Principally through improved operating margins, gained by increased production efficiency, Delyn Packaging lifted pre-tax profit from £155,000 to £389,000 in the half year ended July 31 1988.

Pearson redemption

Pearson plans to redeem early - on October 25 - the following unsecured loan stocks interest accrued from July 1:

Seafield rises to £0.5m

SEAFIELD, Irish textiles and PVC-coated fabrics producer, has reported pre-tax profits of £502,000 (£493,000) in the six months to June 30, against £226,000 in the comparable six months. During the latest period the company undertook a capital reorganisation.

Chepstow downturn

First half 1988 profit at Chepstow Racecourse declined from £21,294 to £19,777, on turnover up to £471,334 (£456,604).

Chesterfield up to £5.4m

CHESTERFIELD Properties increased its pre-tax profit from £3.62m to £5.43m in the first half of 1988, and is lifting the interim dividend from 5.5p to 6p.

Carbo acquisitions

Carbo, maker of Carborandum abrasive products and speciality resins, has bought John Prior Plastics and Colwyn Plastics for a total of £1.65m cash, to be funded from existing cash resources and bank facilities.

BOARD MEETINGS

Table listing board meetings for various companies including Boney & Heston, Foster Agricultural Inds, Leibel, etc.

E Upton in profit

E Upton and Sons intends to pay a dividend of not less than 2p for the year to January 1989. The last payment was in 1980.

County Nat West Wood

County Nat West Wood Machine is placing 6m shares at 82p each. The two forms net asset value per share is 79.5p, putting the shares at a discount of 22.4 per cent. The notional gross yield is 3.28 per cent.

Yearlings up 1p

The interest rate for this week's issue of local authority bonds is 11 1/4 per cent, up 1/4 of a percentage point from last week, and compares with 10 1/2 per cent a year ago.

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland ("The International Stock Exchange"). It does not constitute an invitation to anyone to subscribe for or purchase any securities.

MILLER AND SATHOUSE PLC (Registered in England under the Companies Act 1948 to 1976 No 1313748) Introduction to the Official List of 7,863,563 Ordinary Shares Sponsored by McCaughan Dyson Capel Cure (UK) Ltd

SWP GROUP PLC (Incorporated in England under the Companies Act 1948 No. 501188) Placing by JACOBSON TOWNSLEY & CO of 4,750,000 Ordinary Shares of 5p each at 20p per share payable in full on application

Table with columns: Dividend payment, Date of payment, Current year, Previous year, Total year, Total last year. Lists dividends for various companies like Brit Amer Film, Chefffield Prop, etc.

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. \$SUK quoted stock. #Third market.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Aetna Unit Trust, and others, including their names, managers, and performance data.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGIO.

Prices taken at 5pm and change if from previous close at 9pm.

JOTTER PAD: A grid for writing answers to crossword clues.

CROSSWORD No. 6,763 Set by QUARK

Crossword puzzle grid with numbered squares for clues.

- ACROSS: 1 and 4 indicated by light at the end of the tunnel? (5,8); 6 Bulky Sam vies in conflict (an example of 9) (7); 9 See 8 (7); 11 A match for competition's productive (10); 12 School in which fame is recalled (4); 13 Resort to pithy drolleries in part (6); 14 Late drink for a bird? (3); 16 Aid the disheartened men somehow but insanity results (6); 18 Gas - a lightweight one (5); 20 Slowly advance a little distance (4); 21 LSD charter could be associated with the players (10); 23 Conclusion of moss gatherer. "One uses a blade" (7); 24 Essay? A good effort? (7); 25 Bit of ligament out of joint in the old American (6); 26 Berle castle right away in sight (6). DOWN: 1 The party's nothing more than a plant (5); 2 Dull flat (7); 3 A place for craft ended in prize being endlessly lifted (9); 5 They're essential for the use of arms (6); 6 Apply for protection (7); 7 Ale brewed with chemical executed with care (9); 10 A lot having a certain hair style for the ball (5); 13 The public fuss following a crime (3,3,3); 15 Exaggerated movement in March, so pot goes wild (5,4); 17 Doctor, no leech, with stepped arrangement (7); 18 Is in action, bowling with the turn (2,3,2); 21 Animal to watch a plant (5); 22 Send in for exercise (5).

ENGLISH TO MAN: A word search puzzle with a grid of letters and a list of words to find.

Continuation of the FT Unit Trust Information Service table, listing more unit trusts and their details.

GUIDE TO UNIT TRUST PRICING: A section explaining how unit trust prices are calculated, including terms like 'offer price', 'net asset value', and 'unit price'.

Handwritten signature: J. J. J. J.

Handwritten note: "J.M. 10/19/88"

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Name, Investment, and other details. Includes sub-sections for 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, listing various unit trusts, their management services, and offshore/overseas options.

ملتان لائبریری

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, NAV, and other financial metrics.

Table of Other Offshore Funds, listing various offshore investment funds with columns for Name, NAV, and other financial metrics.

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and Americans, with columns for Name, Price, and other financial metrics.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products with columns for Name, NAV, and other financial metrics.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips after early gains

THE DOLLAR reversed its earlier start in currency markets yesterday, to finish close to the day's lows. The US unit opened on a stronger note, as investors took profits by closing out short positions, taken after disappointing August trade figures.

However, the dollar's improvement was seen as largely technical, and in contrast to an underlying bearish tone. Evidence of the dollar's weakness came in late morning, after failure to overcome resistance at DM1.8180. The dollar fell back as a result and quickly tested support at DM1.8100.

ties' intention to hold a securities repurchase tender. However, from a weaker start of FF3.4105, the West German unit started to edge firmer after the US dollar hit resistance levels and turned weaker. By mid-morning the D-Mark was up to FF3.4125 and was fixed at FF3.4122, before coming back on news of a rise in the French intervention rate, to FF3.4135. However it closed at FF3.4130, up from FF3.4120 on Monday.

FINANCIAL FUTURES

Gilt prices recover

EARLY LOSSES in long gilt futures were soon reversed in yesterday's Life market as fresh buying emerged. The softer opening was largely a reflection of sterling's weaker start, but buyers soon came into the market, and the December price recovered from an opening low of 97.04, to finish at 97.11, below the day's high of 97.24, but up from 97.09 on Monday.

News of a firm PSBR in September was regarded as mildly bearish, being double the amount most forecasters had been looking for, and reducing the cumulative surplus for the financial year so far, to £3.7m.

The December price opened three ticks down at 88.32, and fell to a low of 88.27, as longer term cash rates edged up a shade. The contract finished at 88.31.

Table with columns: Gilt, Bid, Ask, Change, etc. for various Gilt futures contracts.

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£ IN NEW YORK

Table showing exchange rates for £ in New York for various currencies.

STERLING INDEX

Table showing Sterling Index values for various currencies.

CURRENCY RATES

Table showing currency rates for various countries including Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table showing currency movements and percentage changes for various currencies.

OTHER CURRENCIES

Table showing exchange rates for other currencies like Argentine, Brazil, Chile, etc.

MONEY MARKETS

French rates up

NEW PRESSURE on the French franc prompted a rise in money market rates in Paris yesterday. The intervention rate used on four-week sale and repurchase agreements, was increased to 7.25 p.c. from 7 p.c.

The Bank of England forecast a shortage of around £500m, and the Bank gave assistance of £271m through outright purchases of £10m of local authority bills and £57m of eligible bank bills in band 1 at 11 1/2 p.c., and in band 3, £24m of eligible bank bills at 11 1/2 p.c.

The forecast was revised to a shortage of around £550m, and the Bank gave assistance of £271m through outright purchases of £10m of local authority bills and £57m of eligible bank bills in band 1 at 11 1/2 p.c., and in band 3, £24m of eligible bank bills at 11 1/2 p.c.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing money rates for New York and London.

LONDON MONEY RATES

Table showing London money rates for various currencies.

EUROPEAN OPTIONS EXCHANGE

Large table showing European Options Exchange data for various currencies and contracts.

BASE LENDING RATES

Table showing base lending rates for various banks.

CHICAGO

Table showing Chicago market data for various commodities.

NEW YORK

Table showing New York market data for various commodities.

STOCKS

Table showing stock market data for various indices.

BOND MARKET

Table showing bond market data for various securities.

COMMODITIES

Table showing commodity market data for various goods.

Advertisement for 'Pensions Management' magazine featuring the headline 'WE'RE HAPPY TO GO ON TRIAL' and detailed information about the publication.

Advertisement for 'Pensions Management' magazine featuring the headline 'WE'RE HAPPY TO GO ON TRIAL' and detailed information about the publication.

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LONDON STOCK EXCHANGE

Market generally calm one year on

HEAVY TRADING in Lomro shares, widely interpreted as signalling important developments in the future of the UK based diversified trading group, provided the main feature of the London stock market yesterday.

severe storm in Southern England. Although the FT-SE has closed as high as 1979 this year (June 22) and many analysts continue to predict a year-end close of around FT-SE 2,000, the market has recently regarded 1980 as a significant testing level.

Equities opened firmly, sustained briefly by a small trading programme from a London house. However, there was disappointment on the buying prompted by news of the \$5.5bn US loan package to Mexico - Lloyds is perceived to have the widest exposure of the UK clearers to third world debt.

the major business being carried out in GEC and Plessey, Ferranti also came in for a substantial amount of buying interest, particularly from one UK securities house which was said to have picked up most of the stock offered yesterday.

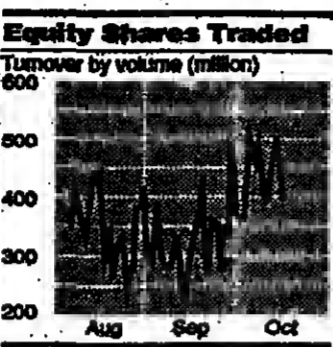
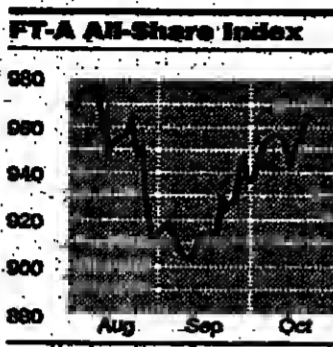
up a few pence to 378p and a revival of bid speculation raised Low & Bonar 8 to 227p. Lodge Care advanced 15c to a new peak for the year of 202p, while AMI Healthcare rose 7 to 246p.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, Earning Yld, P/E Ratio, SEAD Bargains, Equity Turnover, Shares Traded, etc. Includes S.E. ACTIVITY and TRADING VOLUME IN MAJOR STOCKS.

Lonrho hogs the limelight

The market is braced for developments this morning in the dramatic Lonrho saga, following yesterday's extremely heavy session which saw 67m Lonrho shares trade up to the official shutdown at 5.00pm.



den interest to short covering by marketmakers - and a solid burst of typical pass-the-parcel activity. Analysts said Plessey shares had been catching up with the market and attracting significant buying ahead of the interim figures scheduled for November 17.

strategy and thoughts about competition will focus investors' minds on the group's ridiculously low ratings - 6.6 times March 1989 earnings - when the take out multiples of Meyer's unsuccessful bid for Travis is seen to be 14.5 times.

Elsewhere First National Finance continued to draw persistent support from one quarter and ended the day 6 higher at 224p.

Electrical sparks Plessey and GEC caught the eye in a generally animated electronics sector. Plessey raced up to touch 179p before slipping back to close a net 4 up at 168p.

Combined takeover in both classes of BP - little changed at the close - approached 8m shares, while some 1.7m Shell changed hands and 4.5m British Gas ahead of the imminent Monopolies Commission report.

Stores were mixed, with Sainsbury running ahead 6 to 187p in turnover of 4m on revived rumours that the Mountfield property group may launch a bid following its disposal of a 231.7m portfolio.

severe storm in Southern England. Although the FT-SE has closed as high as 1979 this year (June 22) and many analysts continue to predict a year-end close of around FT-SE 2,000, the market has recently regarded 1980 as a significant testing level.

US influences were held largely responsible for renewed firmness in Bowater, up 11 further at 444p, but Pilkington failed to respond to County NatWest Woodliff advice that the shares were "beginning to look interesting".

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Dealers attributed the sudden interest to short covering by marketmakers - and a solid burst of typical pass-the-parcel activity. Analysts said Plessey shares had been catching up with the market and attracting significant buying ahead of the interim figures scheduled for November 17.

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APPPOINTMENTS

Guinness Mahon directors Mr Anthony Allen and Mrs Sally Goodsell in the banking division and Mr Alan Hall and Mr Peter Hill in the treasury division have been appointed directors of Guinness Mahon CO.

Robert executive directors from March. Following the acquisition of Charles Stanley Services by the OGRANA CONSOLIDATED CO, Mr Michael Clark has been appointed a director of OGRANA.

Mr Andrew Leeds has become business development director at ANGLIA OILS. He was general manager of Pauls Cereals of Hull.

Mr J.K.S. Morgan has become a non-executive director of ARGYLE TRUST.

Advertisement for RINGO THE CHANGES. Features a large image of a telephone keypad with the number 0898 123 456. Text includes: 'The Financial Times has introduced a telephone information service... Straight to the heart of the City.'

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and change.

BANKS, HP & LEASING

Table listing bank and hire purchase/leasing stocks with columns for stock name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS Contd

Continuation of building, timber, and road stocks table.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and change.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and change.

ELECTRICALS - Contd

Continuation of electrical stocks table.

Table listing electrical stocks with columns for stock name, price, and change.

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Table listing electrical stocks with columns for stock name, price, and change.

ENGINEERING - Contd

Continuation of engineering stocks table.

Table listing engineering stocks with columns for stock name, price, and change.

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Table listing engineering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) stocks table.

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

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INDUSTRIALS (Misc.) - Contd

Continuation of industrial (miscellaneous) stocks table.

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

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Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for stock name, price, and change.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for stock name, price, and change.

INDUSTRIALS (Misc.)

Table listing industrial (miscellaneous) stocks with columns for stock name, price, and change.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and change.

LEISURE

Table listing leisure stocks with columns for stock name, price, and change.

Handwritten note: 471-11309

Handwritten note: "Daily update" with a circled "45"

LONDON SHARE SERVICE

LEISURE - Contd. Table listing various leisure companies like British Skyways, British Airways, and their share prices.

PROPERTY - Contd. Table listing property-related companies and their share prices.

TEXTILES - Contd. Table listing textile companies and their share prices.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies.

OIL AND GAS - Contd. Table listing oil and gas companies.

MINES - Contd. Table listing mining companies.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies.

PROPERTY - Contd. Table listing property-related companies.

TOBACCO. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

OVERSEAS TRADERS. Table listing overseas trading companies.

THIRD MARKET. Table listing third market trading data.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PROPERTY - Contd. Table listing property-related companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

PLANTATIONS. Table listing plantation companies.

THIRD MARKET. Table listing third market trading data.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies.

PROPERTY - Contd. Table listing property-related companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

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THIRD MARKET. Table listing third market trading data.

NOTES. A detailed section containing various financial notes and disclaimers regarding the data presented in the tables.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

TRADITIONAL OPTIONS. Table listing traditional options.

A selection of British traded shares on the London Stock Exchange. This section provides a list of specific stocks and their current market prices.

Handwritten signature: J. J. ...

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for 12 Month High, Low, Stock, Div. Yld., Vol., High, Low, Last Chng, and Close Prev. Price.

Notes regarding annual high and low prices, and information about dividend payments and stock splits.

OVER-THE-COUNTER

Monday national market, 2pm prices October 18

Table of Over-the-Counter prices with columns for Stock, Div. Yld., Vol., High, Low, Last Chng, and Close Prev. Price.

AMEX COMPOSITE PRICES

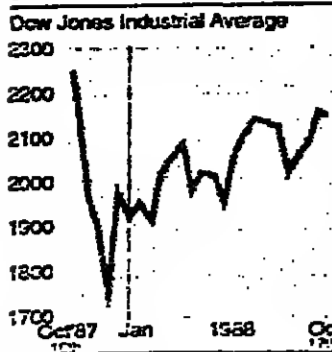
Table of AMEX Composite Prices with columns for 12 Month High, Low, Stock, Div. Yld., Vol., High, Low, Last Chng, and Close Prev. Price.

Advertisement for 'Travelling on business in Germany?' featuring a list of hotels and contact information for the Financial Times.

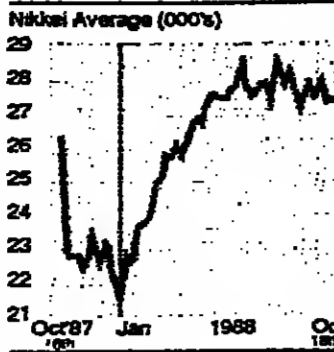
Advertisement for 'Free hand delivery service' for subscribers in Madrid, Barcelona, Bilbao, and Sevilla.

WORLD STOCK MARKETS

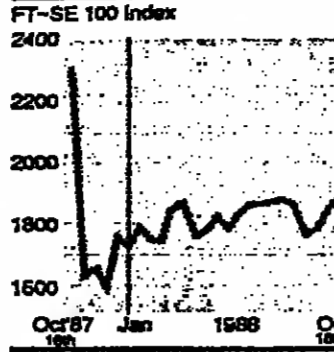
New York



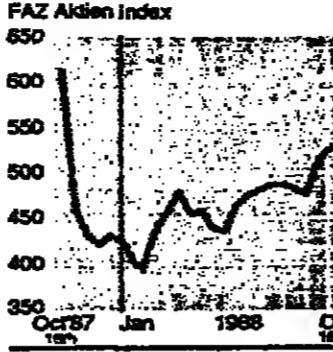
Tokyo



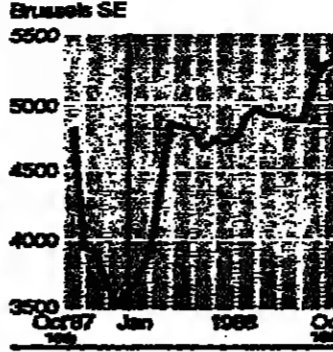
London



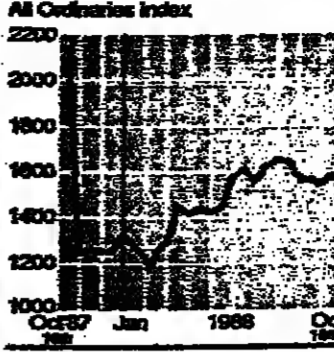
Frankfurt



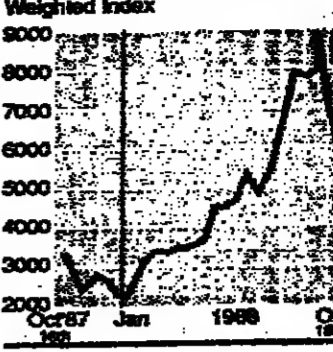
Belgium



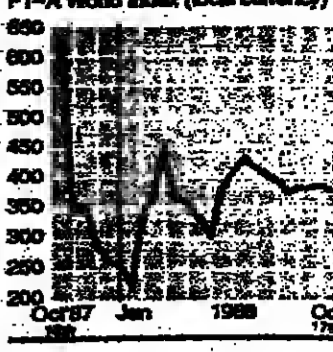
Australia



Taiwan



Mexico



AMERICA

Bid speculation focuses on foods

Wall Street

FOLLOWING modest gains on Monday, equities traded again in a narrow range but the overall tendency was weaker...

would create the largest consumer goods company in the world. Philip Morris shares yesterday dropped \$2 to \$86 while Kraft soared \$29 to stand at \$82 at midsession.

pointment to the company's third quarter earnings reported on Monday. Analysts were disappointed by the declines in the company's operating profit from the space and defence sector...

Canada

THE drop in the oil price hit energy stocks in Toronto, but this was largely offset by rising golds and base metal stocks.

ASIA PACIFIC

New NTT sale spurs profit-taking

Tokyo

A CONTINUING lack of enthusiasm kept trading volume low in a market dominated largely by profit-taking, writes Michiko Nakamoto in Tokyo.

NEW ZEALAND recorded its best day for several weeks yesterday on the eve of the anniversary of the 1987 crash, which wiped 500 points off the Bursary share index in one session...

Since the stock market crash, 17 New Zealand companies have failed and many others are struggling to survive with losses of millions of dollars.

although strong commodity prices kept Australia ahead in the face of profit taking. AUSTRALIA continued to benefit from firmer commodity prices, but late profit-taking and Tokyo's fall brought shares off the day's highs.

EUROPE

Overseas demand boosts turnover

VOLUMES picked up in Paris, Frankfurt and Milan as foreign investors continued to snap up blue chips, especially the underperformers. The approach of the anniversary of the crash today was on people's minds, but appeared not to dissuade the bargain hunters.

The 1/4 point rise in the intervention rate yesterday was generally welcomed by the market, which had feared a 1/2 point rise, said one analyst.

demand, but Ferruzzi Finanziaria was a rare faller, losing 1.54 to L2,850 after Montedison shareholders began selling their rights to buy Ferruzzi shares.

criticised Roche for failing to report important safety information about the drug before it was approved. However, the story appeared to have little impact on investors and Roche closed unchanged at SFR12,750.

Roundup

LOSSES in Tokyo left the Asia Pacific markets unsettled. TAIWAN showed no signs of pulling out of its nosedive, and the weighted index fell 140.24 to 5,970.98.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Monday October 17 1988, Friday October 14 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, etc.

Advertisement for KLM featuring the text 'Do you know, that stewardess speaks your language?' and 'だからKLMでとびます'. Includes a photo of a KLM stewardess and the KLM logo.